Austria	Sch 18	Indonesia	Rp 2600	Portugal	Esc 80
Bahrain	Din 0.650	Italy	L 1300	S. Arabia	Rls 6.00
Belgium	BFr.42	Japan	Y550	Singapore	S$ 4.10
Canada	C$1.00	Jordan	Fils 500	Spain	Pts 110
Cyprus	C50.80	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	Dkr.7.25	Lebanon	£1 8.00	Sweden	Skr 6.50
Egypt	E£1.00	Luxembourg	LFr.42	Switzerland	SFr 2.20
Finland	Fmk 6.00	Malaysia	Rm 4.25	Taiwan	NT $85
France	FFr. 6.00	Morocco	Dir 6.00	Tunisia	Din 0.600
Germany	DM 2.20	Netherlands	Fl 2.50	Turkey	L 210
Greece	Dr 70	Norway	Nkr. 6.00	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Philippines	Peso 20	U.S.A.	$1.00
India	Rup. 15				

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,723 Tuesday September 10 1985 D 8523 B

Why U.S. policy on apartheid failed, Page 20

World news | Business summary

Debate timetable agreed by EEC

EEC FOREIGN ministers agreed on a tight timetable for their conference to amend the Treaty of Rome, to streamline decision-making in the Community, and extend its areas of activity.

Five full ministerial meetings have been scheduled before the EEC summit in Luxembourg in December, in addition to regular consultation with the European Parliament on any changes proposed.

The ministers want to draft ways of promoting closer economic and monetary co-operation, joint policies on the environment and new technologies, and possibly on health, education and culture, in addition to closer co-ordination of their foreign policy.

Pakistan walk-out

Six deputies walked out of Pakistan's national assembly when their calls for a debate on the detention of Pakistan People's Party leader Benazir Bhutto were refused.

Costa Rica attacked

Costa Rica fired heavy calibre mortars at neighbouring Nicaragua for the first time after an aircraft attacked a border post with machine-gun fire.

Engineer charged

A West German engineer was indicted in Karlsruhe on charges of supplying East Berlin with embargoed Western technology for espionage activities.

Bomb defused

West German police foiled a fire bomb attack at a U.S. military hospital in Stuttgart by defusing three devices

Blast injures 16

Basque separatist guerrillas claimed responsibility for a car bomb attack in central Madrid which injured 18 civil guards and two passers-by. Page 3

Spokesman quits

Michael Eaton, the UK National Coal Board's spokesman during the latter half of the miners' strike, resigned.

Tripoli takes exiles

Sixty-two Mauritanians expelled from Libya last week were flown back to Tripoli after being stranded for three days in Spanish airports.

Emergency landing

A TWA Boeing 747 made an emergency landing at Heathrow, London, after leaving for Copenhagen because one of its four Pratt & Whitney engines failed. Page 14

Mirages for Iraq

Iraq is taking delivery of French Mirage F-1 fighters and has returned five leased Super Etendard fighters to France. It claimed to have repulsed an Iranian attack on the northern front, killing thousands. Page 3

$150m fraud trial

A Turin magistrate committed 123 people for trial in an oil tax evasion scandal, involving L300bn ($150m), said to be the largest fraud committed against the Italian state.

Pakistan drugs haul

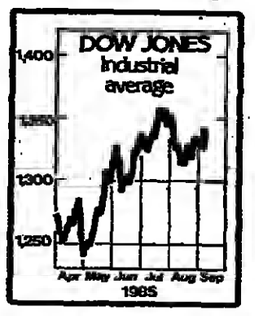
Pakistani drug squads seized one tonne of hashish worth $1.2m stored near a beach for smuggling to Belgium.

Beer seized

Austria, still in the throes of investigating poison-laced wine, now has beer trouble. A provincial brewery's stock was impounded after it was found to contain dangerous amounts of disinfectant.

Massey-Ferguson plunges to $5.9m loss

MASSEY-FERGUSON, Toronto-based farm equipment and industrial machinery maker, saw a reversal in results for the three months ended July 31, compared with the same period last year. The company suffered a net loss of $5.9m this year, whereas the corresponding 1984 result was a profit of $7.4m. Page 21



WALL STREET: At 3pm the Dow Jones industrial average was 2.01 higher at 1,337.70. Page 40

TOKYO share prices closed generally lower. The Nikkei-Dow market average shed 23.34 to 12,455.72. Page 40

LONDON equities eased after a strong start with international stocks firmer on the weakness in sterling. The FT Ordinary share index closed 0.3 lower at 1,020.5. Gilts lost ground. Page 40

DOLLAR continued to advance in London, rising to DM 2.942 (DM 2.929), FFr 8.9725 (FFr 8.9375) and SwFr 2.4225 (SwFr 2.4185), but was unchanged at Y243.5. On Bank of England figures the dollar's index rose to 142.0 from 141.4. Page 33

STERLING lost 2.05 cents against the dollar in London to $1.305. It also fell to DM 3.84 (DM 3.8825), FFr 11.7 (FFr 11.82), SwFr 3.1625 (SwFr 3.2075) and Y317.75 (Y323.5). The pound's exchange rate index fell to 79.9 from 81.0. Page 33

GOLD: In New York the October Comex settlemetn was $320.80. Gold rose just $0.25 on the London bullion market to finish at $320.50. It was also higher in Zurich at $319.85. Page 32

INTERNATIONAL Fund for Agricultural Development, Rome-based UN agency which aims to help Third World farmers, believes a solution to its funding problems is in sight. Page 30

GUCCI family members are fighting among themselves in Italian courts for control of the fashion goods business. Page 20

CANADIAN PACIFIC announced plans to merge with Canadian Pacific Enterprises to combine transport, industrial and resource interests under a single holding company. Page 21

SEARS, ROEBUCK, U.S. retailing and financial services group, is poised to launch the first credit card on the U.S. scene in 20 years with its "Discover" card. Sears intends to link its range of financial services with the card. Page 22

QUILTER GOODISON, London-based stockbroker, opened the first shares shop approved by the Stock Exchange at Debenham's in London's Oxford Street.

WESTERN MINING Corporation, Australia's biggest nickel and gold producer, saw net profit for the year to June 18 up 34 per cent to A$40m ($28.3m). The company attributed the rise to higher gold production and this year's depreciation of the Australian dollar. Page 23

GUDANG GARAM, cigarette manufacturer and Indonesia's second biggest employer prepared to face considerable management re-adjustment after the death of the company founder, Tjoa Ing Hwie. Page 23

NMB, leading Dutch commercial bank, announced a Fl 474m ($147m) rights issue on a one-for-10 basis at Fl 185 a share. Page 21

Pretoria faces new pressure as U.S. imposes sanctions

BY STEWART FLEMING IN WASHINGTON AND ANTHONY ROBINSON

PRESIDENT Ronald Reagan yesterday ordered the imposition of a set of limited economic sanctions against South Africa, sending the strongest signal so far of mounting American impatience with Pretoria's racial policies.

"The system of apartheid means deliberate, systematic, institutionalised racial discrimination denying the black majority their God-given rights," Mr Reagan said in a televised statement. His remarks contrasted sharply with comments he made last month suggesting that racial segregation was breaking down. This time he left no doubt of his personal abhorrence for white South African's racial tyranny.

Most of the measures will become effective in October and November and are being applied by an executive order. Among other things they ban the export of computers and nuclear technology to South African agencies and all loans except those for projects clearly beneficial to all races. They also envisage a ban on the import of Krugerrands.

South Africa's President P.W. Botha attacked the U.S. sanctions last night as a "regrettable, punitive step" which would have a negative effect on jobs and prosperity throughout southern Africa and would diminish the U.S. ability to influence events in the region.

He refrained from criticising President Reagan personally, and noted that the executive order was less harmful than the legislation proposed by Congress. "It is, none the less, to be regretted. Whatever the intention, the effect is punitive," he said.

He accused the U.S. Congress of mounting pressures which disregarded the welfare and interests of the region and of making no attempt to analyse the harmful effects of sanctions which, he said, "destroy jobs and progress," including those of 1.5m black foreign workers from neighbouring states.

In the first reaction from business circles, Mr Raymond Parsons, chief executive of the Association of Chambers of Commerce (Assocom), said the selective sanctions "set an unfortunate precedent," and noted that the U.S. action was in stark contrast to the views of European foreign ministers who, on a fact-finding mission 10 days ago, found that economic sanctions would do more harm than good to the reform process.

By contrast, Nobel Peace Prize winner, Bishop Desmond Tutu, told reporters the mildness of the measures should make the Pretoria Government "quite happy."

He said of President Reagan: "He doesn't care two beans about black people in South Africa. I don't think he cares at all. That is why I called him a crypto-racist. I think I should call him a racist pure and simple ... he thinks black people are expendable."

President Reagan's announcement increases the pressure on EEC foreign ministers to agree some equivalent steps at their meeting in Luxembourg today. Until now, EEC sanctions have been blocked by British and West German opposition.

Sir Geoffrey Howe, the British Foreign Secretary, said in Luxembourg last night that the UK Government shared the U.S. Administration's aim of avoiding damage to the South African economy.

"We therefore remain opposed to mandatory economic sanctions," he said.

He insisted that British Government policy was already very close

Continued on Page 20

Pretoria fears moral boost, Page 4; Editorial comment, Page 18; Why private pressure failed, Page 20

S. Africa tightens grip on Nedbank operations

BY PETER MONTAGNON IN BASLE

THE SOUTH African Reserve Bank has told regulatory authorities in New York and London that control over the foreign exchange operations of branches of Nedbank, the Republic's third largest bank, in the two cities will be transferred to Johannesburg.

This emerged yesterday as top central bankers warned in Basle that major political reforms are essential in South Africa if the country is to solve its $22bn debt problem.

The bankers left their monthly meeting at the Bank for International Settlements (BIS) united in the belief that an official rescue package for South Africa would serve no purpose.

The South African authorities' decision on Nedbank followed a statement last week from Dr Gerhard de Kock, the governor of the Reserve Bank, that it would stand behind Nedbank's obligations.

The debt moratorium announced by the South African Government early last week had raised doubts in financial markets over the ability of Nedbank to settle transactions in the foreign exchange market.

Before Dr de Kock's statement the U.S. Comptroller of the Currency had closed the New York branch, but subsequently allowed it to reopen.

During the closure one or two U.S. banks, acting on legal advice, are thought to have withheld payments due to the South African bank.

Although that issue was apparently resolved, the two branches are thought to have faced difficulties in continuing to operate in the London and New York markets because of the reluctance of other banks to deal with them.

Until the debt moratorium was imposed Nedbank had been an active player in the markets, trading not only the South African rand but also a number of third currencies.

The transfer of authority for all transactions back to Johannesburg is believed to be designed to enable the Reserve bank to maintain close control over Nedbank's foreign exchange operations.

It is not clear whether Nedbank will maintain a dealing presence overseas to execute orders for its head office.

U.S. will fund best star wars proposals, says Weinberger

BY PETER MARSH IN WASHINGTON

MR CASPAR Weinberger, U.S. Defence Secretary, yesterday dismissed suggestions that specific countries could hope for a set tranche of cash from the $26bn Strategic Defence Initiative (star wars) budget.

"Wa will not allocate funds to any particular geographical area. We will fund the best proposals," he said.

During a visit to Washington in July, Mrs Margaret Thatcher, the British Prime Minister, asked for a block of contracts totalling $1.5bn for British companies.

Mr Weinberger said he hoped in the next few months to reach agreement with some Western governments setting out general terms for participation by companies in star wars, which is designed to produce by 1990 the strategy to shoot down Soviet missiles with lasers and other devices before they reach the West.

Government participation, however, is "not required or demanded," said Mr Weinberger. The important point was to secure the participation of top overseas companies and scientific teams, which could be either through direct contracts with such organisations or through a bilateral programme co-ordinated by a government department, the course favoured by the UK Defence Ministry.

Fresh doubts surfaced in Bonn about the value of West German participation in the star wars project following a warning by the Research and Technology Minister that research cannot be justified in terms of potential advances for civil technology. Page 20; Pentagon woos UK academics, Page 14

Britain, West Germany, Japan and Italy are negotiating with the U.S. Defence Department over the nature of collaboration, for instance, on draft forms of contracts.

France has turned down the U.S. offer to participate, while Canada says it will not formally get involved but will not stand in the way of companies that want to bid for contracts.

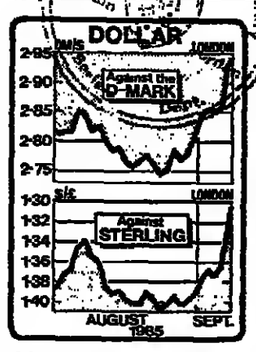
Measures to impede the "avaracious" demand from the Soviet Union to acquire illicitly Western technologies will feature in any contracts between the Pentagon and European companies, Mr Weinberger said.

Such contracts would contain strict clauses to stop "the escape" to the Soviet Union of technologies that the country could use in its military build-up.

But he gave an assurance that, despite security restrictions, European and Japanese companies that participate in the initiative would be free to exploit for commercial purposes techniques developed during the work.

Mr Weinberger stressed that star wars would not decouple the U.S. from the other Nato countries, a fear expressed by some European observers.

Short-range Soviet missiles – the kind directed at Western Europe either from submarines or silos in East Europe – were in some ways easier to defend against than the long-range intercontinental missiles that threaten the U.S.



Sterling bears brunt of rise in dollar

By Philip Stephens in London

STERLING yesterday bore the brunt of a further surge in the value of the dollar, falling against all major currencies amid renewed optimism on the outlook for U.S. economic growth and concern over oil prices.

The pound's fall took it to its lowest level for more than two months, and dampened hopes of a cut in interest rates in the run-up to the Conservative party conference early next month.

The dollar closed in London at DM 2.9420, 1.3 pfennings higher than on Friday. Sterling closed 2.05 cents lower at $1.3050, above lows earlier in the day of $1.2940. The sterling index, which measures the pound's value against a basket of currencies, ended 79.9, down 1.1 points from Friday.

Foreign exchange dealers said that expectations that the pace of U.S. growth in the current quarter will show a significant revival had triggered a renewed rush of funds into dollars.

A smaller trade deficit, buoyant manufacturing employment and strong sales by the car industry have prompted economists to revise upwards forecasts of the third-quarter "flash" Gross National Product (GNP) figure due on September 20 to between 3 and 3½ per cent.

That would compare with annualised growth of less than 1 per cent in the first quarter and 2 per cent in the second, and along with the recent rapid growth of the U.S. money supply, would limit the scope for lower interest rates.

The dealers said that sterling has suffered most from the dollar's resurgence mainly because it had benefited most when investors were moving funds out of the U.S. currency.

The pound was also undermined, however, by continuing fears of lower oil prices, and by the perception that the West German authorities might be more aggressive than the British in intervening to defend their currency if the dollar's rise continued.

Money Markets, Page 33

Unilever bids $1.3bn for U.S. group

BY MARTIN DICKSON IN LONDON AND TERRY DODSWORTH IN NEW YORK

UNILEVER, the Anglo-Dutch food and consumer products group, yesterday unveiled a proposed $1.3bn takeover of Richardson-Vicks, a large U.S. manufacturer of personal products, including Vicks cough medicine and Oil of Ulay skin cream.

The board of Richardson-Vicks, however, immediately rejected the offer and announced a plan of action to thwart Unilever, including the buying in of up to 5m of the company's shares, about 22 per cent of the current equity.

A further 32 per cent of the share capital is held by Richardson family interests, trusts, company share schemes and executives, and the Richardson family said yesterday that members intended substantially to increase their interests through share purchases.

Unilever – which described its offer as a "merger proposal" rather than a hostile bid – therefore appeared to face a very difficult task in capturing Richardson-Vicks, which added that it was also studying "other methods to protect long-term stockholders' interests."

The acquisition would be a major new step in the corporate restructuring undertaken by Unilever over the past two years, during which time it has sold off a large number of peripheral companies on its core businesses, such as consumer goods and special chemicals.

Unilever said yesterday that the acquisition would strengthen its position in the U.S., which was a major part of its strategy. The U.S. was the home market of many of its big international competitors, and it was important for Unilever to broaden its product lines there.

The personal products businesses of the two companies would fit together excellently, with both product ranges and distribution channels complementing one another.

Richardson-Vicks, which had sales of $1.2bn and net income of $72m in the year to June 30, has six main product areas. These comprise skin care, with brands such as Oil of Ulay creams and Clearasil anti-acne preparations; health care where the main brands are Vicks and NyQuil for coughs and colds; hair care, including the Vidal Sassoon and Pantene products; dental care, with the denture products Fasteeth, Fixodent and Kukident. It is also involved in special chemicals, laboratory products and instruments.

Unilever's worldwide sales of personal products last year totalled

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Thai military puts down coup attempt

BY CHRIS SHERWELL IN BANGKOK

LOYALIST THAI military forces yesterday quelled a violent coup d'etat organised by former "Young Turk" officers after artillery battles in the streets of Bangkok left at least four dead and 59 wounded.

The coup, which lasted only 10 hours, was Thailand's 15th since constitutional monarchy was established in 1932. It was launched while both General Prem Tinsulanond, the Prime Minister, and General Arthit Kampang-Ek, Supreme Armed Forces Commander, were abroad and the King was out of Bangkok.

The Government took into custody three figures said to be behind the coup: General Yot Thepsabin, a powerful military figure from the 1970s; Colonel Manoon Roopkachorn, a leader of the abortive "April Fools" coup by the Young Turks group in 1981; and Colonel Manoon's brother, Manas, an air force wing commander.

Among the dead were two correspondents for NBC Television of the U.S., Mr Neil Davis, an Australian, and Mr Bill Latch, an American. A soldier and a civilian also died, while the injured included many civilians. Most of those hit were said to be victims of a rebel artillery onslaught near the headquarters and radio of the Army First Division (The Royal Guards), a key location in the old quarter of Bangkok.

The rebels, with 22 tanks and about 400 men, had previously taken control of the airport, seized Supreme Command Headquarters,

Continued on Page 20

Fragile democracy survives, Page 4

CONTENTS

Why French bargemen are up in arms

BY DAVID HOUSEGO IN PARIS

"IN 1980 THE longest you had to wait to pick up e new cargo was three weeks," says Mme Micheline Rousseau, wbose barge is one of the small flotilla that currently blocks the Seine to traffic. "But now the Seine to traffic. "But now that's the minimum wait."

The barge owners blame their dramatic loss of business on tbe drop in French wbeat exports this year and "unfeir competition" from the nationalised rail network. But behind their widening protest is the belief that the survival of their business is at stake.

More than 100 barges have been blocking the Seine et the Pont Alexandre III over the last 10 daye — to the anger of the *bateaux-mouches*, companies who have had to cancel excursions along the river in what is still peak tourist season.

Some hondreds more beve put a stranglehold on the river at St Mammes — where the Seine joins the Yonne — and at Rouen. Over the weekend angry barge owners mounted "commando" raids to damage e grain silo near Melun and to set fire to a locomotive at Meaux, also in the Paris region.

The barge owners say they will block the river indefinitely. "We will stay as loog as necessary — six months or e year," says M Joel Cassez.

In practice it is difficult to see how they can be dislodged. The normal French way of dealing with uncomfortable sit-ins is to order the riot police into action. But the boatmen scoff at that.

"Riot police on the barges—that would be a joke!" says Mme Rousseau. They are also rightly doubtful tbat the Government will send in gunboats.

The barge owners bave laid their plans carefully. They run a rota system so that some man the blockade while others move freight down the waterways as normal, passing the blockade when need be. Family incomes are in some cases supplemented by other jobs—some crew even work for the bateaux-mouches in the summer.

French river- and canal-borne traffic has been declining since 1970 with a loss of market ehare to road and rail of 38 per cent over tha last 10 years. The decline has been sharper in recent years with inland freight loads dropping to 8.8bn tonne-km in 1984 as egainst 11.1bn in 1981. Future prospects look no rosier with Electricité de France (the French generating anthority) cutting its demand for coel, and demand for sand and hnilding materials dropping with the recession in the building industry.

The independent barge owners—those behind the present action and believed to number some 2,800 in all—have been saved from the worst consequences because they have a virtual monopoly of waterborne wheat transport. This represents about 25-30 per cent of French production.

But with rail freight traffic in France declining as well, the SNCF (the French railways) have begun to tap this market hy offering rates hefow those charged by the barge owners. The SNCF deny that they are practising "unfair competition" or offering rates below their real costs—but they decline to give precise details of these costs. At the same time the barge owners see another danger looming up. This is that the hig barge companies—which have so far epecialised in bulk, like sand—will also move in to their market.

Bnt already the decline in traffic and the increasing competition means that the barge owners say they earn no more than FFr 2,000-3,000 a month or about half the French minimum wage.

"We don't earn enough to maintain our boats" says M Walter Coudde, owner of the Mide, whose gross turnover fell from FFr 300,000 (£29,000) in 1983 to FFr 220,000 (£20,500) last year and probably even less this year.

The barge owners reject the government's view that the decline in waterborn traffic is irreversible. They point to the large amount of freight still born on the waterways of West Germany, Netherlands and Belgium—25 per cent of German freight is carried by water as compared with 5.7 per cent in France.

A Government-commissioned report three years ago also painted a brighter picture for French waterways. But it said this would depend on widening French canals to take larger boatx and on linking the French canal system with that of its European neighbours. The trouble was that it estimated the likely cost of such a programme as up to FFr 15bn. After spending little for decades on the waterways, no French government is likely now to embark on such ambitious schemes as linking the Rhine and the Rhone.

Negotiations between the Ministry of Transport and the barge owners are expected to resume tomorrow. The barge owners have, so far, turned down the government's offers for social security and schooling concessions. In practice they are asking the government to determine market share — and thus safeguard their share of the wheat trade.

It has been the sharp decline in wheat exports from Europe in the first month of this year that precipitated the conflict. If exports pick up the chances of a compromise will be greater.

Transport unions attack EEC shipping policy

BY DAVID THOMAS, LABOUR STAFF

THE International Transport Workers' Federation (ITF) yesterdey published a 10-point programme for the European shipping industry which is highly critical of moves by the European Commission to hreak down barriers within the industry.

The ITF argues that the Community's merchant fleet "will soon be reduced to insignificance if present trends continue."

Mr Harold Lewis, general secretary of the ITF, said yesterday that European Commission officials are prepared to see the continual decline of European fleets, provided the Community's user industries obtain their shipping services from non-Community fleets at low eost.

The ITF report is in response to a document issued by the Commission in March. The unions are perticularly critical of a proposal by the Commission which, they say, will open up services at present reserved to member states, such as coastal trade, to non-European flags.

The ITF said the European Commission is trying to hurry through decisions on their shipping policy before Spain and Portugal join the Community at the end of the year.

Among the actions demanded from the Commission by the ITF are:

- Regulations for minimum rest periods, leave and time off for seamen;
- The harmonisation of living and working conditions on ships of the member states;
- Planning the management of cargo movements to benefit European fleets;
- Matching the fiscal advantages given non-Community shipyards and non-Community owners.

European Merchant Shipping: Towards a Common Maritime Transport Policy. ITF, 133 Great Suffolk Street, London SE1 1PO.

Austrian beer doctored with dangerous acid

AUSTRIA HAS impounded beer doctored with a poisonous chemical that can cause serious liver and kidney problems, the country'e Health Ministry said yesterday, AP reports from Vienna.

The chemical, brom-acetic acid, is used as a disinfectant for beer and grape juice tanks, hut it is strictly forbidden to add the substance to beer of juice to make them less perishable.

"If ingested over a period tha ecid represents at any rate a high health-endangering risk," said Mr Georg Lindner, a senior official of the Health Ministry.

The confiscation of the beer last Friday comes in the wake of an international wine scandal in which Austrian and other wines were found contaminated with diethylene glycol, a chemical that can cause serious health problems.

Poland's arrears on debt interest rise to $4.1bn

POLAND'S arrears on debt interest payments to the West rose to $4.1bn (£3.1bn) in 1984, creating a "very difficult" balance of payments situation, the National Bank of Poland said in its annual report, released yesterday, Reuter reports from Warsaw.

Accrued interest on Western debts in 1983 was $2.7bn. Total debt et end 1984 was $26.8bn.

The convertible currency current account closed the year with a surplus of $787m, up from $62m in 1983. The increase was due to a higher trade surplus of $1.46bn but also lower payments of interest on credit "because of insufficient resources to meet them in full."

Earnings on exports were the main source of financing imports and servicing debts. Payments on imports had to be made mostly in cash as Western governments continued to uphold credit restrictions against Poland, placed after martial law was imposed in December 1981, the bank added.

Western economists noted e rescheduling with the West of $12bn of debt last July has paved the way for fresh government backed loans to Poland. Austria has pledged $40m of government guaranteed credit and West Germany is expected to follow with a similar amount.

Diplomats said, however, that it was unlikely that the West would commit itself to lending as much as the $800m. Poland was seeking.

The report noted that drawings of long and medium term credit fell to $218m last year from $565m in 1983. In 1980, drawings amounted to $3.7bn.

The government newspaper Rzeczpospolita said this year'e exports to the West were too low and by the end of August had only fulfilled 49.2 per cent of the 1985 central plan.

European Security Conference resumes

By David Brown in Stockholm

THE 35-NATION European Security Conference reconvenes in Stockholm today for its seventh session to negotiate measures aimed at easing the risk of war in Europe.

The nine neutral and non-aligned (NNA) states—which are expected to play a crucial role in bridging the current differences between East and West—have failed in their attempt to agree a joint proposal in time for today's opening session, however.

This has set back hopes that preliminary drafting work on a concluding document could begin during the current session, which ends immediately before the November 10 summit meetings between U.S. President Ronald Reagan and the Soviet leader, Mr Mikail Gorbachev.

Nonetheless, after a difficult and sometimes highly-charged early phase, the conference has settled down to business-like discussions on a series of "confidence-building measures" (CBMs) aimed at averting the risk of war on the Continent through accident or miscalculation.

In the last session, the Warsaw Pact tabled for the first time a series of counter-proposals to detailed Western ideas for new CBMs.

"The range of our debate is more precisely defined and our vocabulary increasingly similar," said the U.S. envoy Mr James Goodby at the end of that session.

But the two sides remain apart on a number of specific issues. Among these are the extent of and thresholds for advance notification of military movements, verification procedures and observation methods.

Western proposals call for a "significant expansion" of such CBMs, while the Eastern bloc has placed more emphasis on so-called declaratory measures

The NNA working document is expected, among other things, to give the super powers an opportunity to explore areas of compromise without abandoning their publicly-stated positions.

However — with a membership ranging from Switzerland to Yugoslavia — the NNA states have found it more difficult than expected to weave together a proposal which adequately addresses their own widely varying national security interests.

Delegates from the bloc now expect it will be at least two to three weeks before the document can be tabled.

Dutch may support movement for 'two-speed' Europe

BY LAURA RAUN IN AMSTERDAM

MR HANS van den Broek, the Dutch Foreign Minister, warned yesterday thet if the inter-governmental conference on further integrating and streamlining the EEC fails, the Dutch might strive for a "two-speed" Europe.

Speaking in The Hague shortly before departing for the Luxembourg conference, Mr van den Broek hastened to add that he was not issuing a threat on the eve of the meeting. But he declared that if the series of meetings culminating in the December EEC summit "are without results, then that (a two-speed Europe) could be the next step. I am prepared, if nothing comes out... to ask who is prepared to go forward or else we will be dependent on the slowest."

A two-speed Europe refers to the idea of allowing the members who want to accelerate harmonisation within the Community – basically the original six – to do so within some framework while the rest integrate more slowly.

The inter-governmental conference is aimed at amending the Treaty of Rome – the EEC'e founding document – to achieve greater co-operation in foreign policy and other areas, expedite the decision-making process and enhance the European Parliament's power.

While seven EEC members, including the Netherlands, have endorsed the conference the other three – Britain, Denmark and Greece – have balked at devolving more power to the EEC.

The Dutch historically have promoted the EEC energetically, but are particularly keen now because they will succeed Luxembourg as president of the Community in January 1986. Mr van den Broek said he spoke by telephone with Sir Geoffrey Howe, the British Foreign Minister, yesterday about formulating priorities for next year when the UK will follow the Netherlands as Community president.

The Dutch have circulated their own proposals for establishing a common foreign policy alongside other plans submitted at the June EEC summit by the UK and jointly by France and West Germany.

Mr van den Broek refused to be drawn on the contents of the Dutch proposals but they previously have been described by Mr Willem van Eekelen, State Secretary for Foreign Affairs, as more far-reaching than the British plan and more pragmatic than the Franco-German initiative.

Among the main concerns of the Dutch are clear agreement on common principles of foreign policy and preserving the integrity of the Rome Treaty by avoiding the extra policy layer contained in the Franco-German "Draft Treaty of European Union."

France picks astronauts for research in space

BY DAVID MARSH IN PARIS

FRANCE yesterday presented a squad of seven cosmonauts – including one woman – designed to spearhead the country'e manned space effort over the next 15 years.

The select team, made up of technicians trained to carry out space experiments and pilots capable of manoeuvring space vehicles, is planned to take part in U.S and Soviet flights over the next five or six years. They eventually will be candidates to fly aboard France'a planned "space-plane," Hermes, scheduled to carry between two and six crew members into orbit from 1995 onwards.

The French national space agency (CNES) is due to decide next week which of the country's two leading aerospace concerns, Aerospatiale or Dassault-Bréguet will have industrial leadership of the Hermes project. France is to put up 50 per cent of the venture's estimated FFr 14bn ($1.6bn) development costs, with the rest of the money planned to come from other countries in the 11-nation European Space Agency.

The squad presented by CNES yesterday, aged between 26 and 37, includes a physicist from the atomic energy commission (CEA) and a veterinary scientist from France's agronomical research agency (INRA). The woman cosmonaut, Mme Claudie Deshays, 28, is a doctor specialising in rheumatology et e Paris hospital.

Two of the members are test pilots from the French air force. That was the career background of the two Frenchmen who have up to now made space flights – with the Soviet Union, in 1982 and on board the U.S. space shuttle Discovery in June this year.

Scientists, or "payload specialists," able to adjust instruments and handle experiments in areas such as crystallography and biotechnology, have, however, started to supersede test pilots in astronaut squads in the U.S. over the last decade.

Italian oil fraud charges

A TURIN magistrate yesterday committed 123 people for trial in a long-running oil tax evasion scandal, said to be the largest fraud committed against the Italian state, Reuter writes from Turin.

Between 1974 and 1979, three northern Italian oil refineries swindled the Government out of L300bn (£116m at current rates), according to the indictment drawn up by magistrate Sig Mario Vaudano.

The 2,500-page indictment stated that the refineries imported tax-free fuel oil intended for industrial use and converted it into taxable diesel fuel for motor vehicles, which they marketed et vast profit.

Following a six-year investigation, the accused, who include businessmen, policemen and civil servants, were charged by Sig Vandano with offences ranging from conspiracy to contraband. Six of them are still at large. No date was immediately set for the trial.

The scandal has had major political repercussions following allegations that the racketeers enjoyed high-level protection and gave financial rewards to political parties.

The allegations revolve around Gen Raffaele Giudice, former head of the so-called Finance Guard, a police unit dealing with customs and tax offences.

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EUROPEAN NEWS

Iraq hands back Super Etendards to France

By David Marsh in Paris

IRAQ HAS announced that it has handed back to France five Super Etendard jet fighters delivered under a controversial leasing agreement in October 1983. The aircraft have been used subsequently to strike at oil tankers servicing Gulf ports in Iraq's long-running war with Iran.

The move, announced by Mr Tarek Aziz, the Iraqi Foreign Minister, in Baghdad on Sunday, could not be confirmed by the French Defence Ministry. But an official, pointing out that the original agreement was for the jets to be handed back after two years, said it appeared as if Iraq was sticking fully to the accord.

Delivery of the Super Etendards in October 1983, and their later use equipped with Exocet missiles in the Gulf war, caused grave fears of escalation in the conflict with Iran.

It was widely believed in France and in western capitals that Iraq would be unable to hand the aircraft back according to the original terms of the deal, either because of war damage or because of Baghdad's pressing needs for sophisticated fighters.

In the event, Mr Tarek Aziz on Sunday minimised the importance of the return of the jets by saying that Iraq now had available Mirage F1 aeroplanes capable of firing similar missiles to the Exocets.

It was not clear whether this was a reference to Soviet missiles which at times during the last two years have been reported to be delivered to Baghdad.

Paris has maintained military and economic aid for Iraq throughout the Gulf conflict. If the Super Etendard make their way back safely to France — where they are due to be re-integrated into French naval forces—there will be considerable relief in Paris that their operation has been kept relatively low-key during the last two years.

The threat by Iran of large-scale reprisals against France following the delivery of the aircraft has not been translated into action. France's continuing military support for Iraq has however been cited by the kidnappers of French hostages still held in Beirut as one reason why the captives have not yet been released.

Turkey puts on brave face as IMF talks start

BY DAVID BARCHARD IN ANKARA

TURKEY'S third round of talks this year with the IMF is under way this week in Ankara.

Since 1980, when Mr Turgut Ozal, now the country's Prime Minister, first adopted the Fund's medicine, Turkey has been regarded as one of its model pupils. It has certainly made a striking recovery from the chaotic mismanagement at the start of the decade.

None the less, last spring negotiations between Turkey and the Fund broke down not once but twice. For the first year since 1980 there has been no standby agreement. Sights are now being set on 1986.

Hopes for an agreement are not high. To judge from many articles appearing in Turkey's press over the last week, the Government is preparing public opinion for yet another breakdown.

The present talks are being described simply as an evaluation of the situation.

Though the Government is putting a brave face on it—and it is true that the amount of funds available from a standby agreement are no longer very significant by themselves in terms of Turkey's balance of payments—there is a sourness in the atmosphere which is hard to explain.

Mr Ozal has done no U-turns and is pressing ahead with export-oriented policies which squeeze Turkey's industrialists and wage-earners alike.

Turkey's balance of payments is under control, even though a current account deficit of $1bn is likely by the end of the year. However, during the first half of this year, the current account deficit dropped to $375m, compared with $698m in 1984.

Turkey is likely to run largish trade deficits of $2.5bn to $3bn annually for the foreseeable future. But foreign exchange is flowing into the country, thanks to Mr Ozal's policies, in a way that it has not done in living memory.

Not only are there no delays in transfers for import payments and profit repatriation, and have not been for several years, but also ordinary Turks can buy foreign currency in large amounts over the counter in a way they have been unable to do in the post-war period.

Ability to reach agreement with the Fund ought to be very important to the Government. It will probably have to borrow between $500m and $1bn from world money markets in 1986. Traditionally, the Fund's approval for current economic policy in Turkey has been an essential pre-condition for getting the commercial bank to part with funds.

The banks, however, at present appear less unhappy with Turkey than the Fund itself. One foreign banker I spoke to recently said: "It would not be the end of the world if Turkey failed to come to terms with the IMF this time around."

The sources of the Fund's anxiety seem to be about medium-term economic management and prospects. A key point is the budget deficit, which last year was about 4.9 per cent of GDP. Another is inflation, which was around 53 per cent last year and more than 25 per cent so far this year.

An underlying theme seems to be the Fund's feeling that Turkey cannot sustain the ambitious growth rates of 6 or 7 per cent a year, which the Ozal Government is hoping for until 1989.

The last few months have seen the Government working manfully on the major problem areas in response to criticism.

There has been a major drive through a newly introduced VAT to boost tax revenues in order to prune the budget deficit. Officials now say the deficit will be close to half last year's figures in current prices and less than 2 per cent of GDP at most.

However, the Fund is also thought to be concerned about the growth in the number of special government-controlled funds outside the normal budget. These have grown to 120 since Mr Ozal took office, and have a major part in determining the performance of the economy.

If Government figures are to be believed, the major criticisms made last spring by the IMF are no longer valid. But word has it that part of the quarrel between the Fund and Turkey arose from IMF scepticism about the genuineness of some of the figures it was being offered. Tough scrutiny of current performance will be inevitable.

Deteriorating quality of life is the price Turks are paying for fast growth, **David Barchard** reports

Environmental dangers begin to arouse concern

SEPTEMBER IS the month when Turks living in big cities begin to pull their curtains open each morning and eye the neighbourhood for signs of smog. One Istanbul businessman told me he had already detected the year's first smog during the first week of September, long before the city's central heating systems—most of them fuelled by a low-quality coal—begin to belch yellow clouds into the street.

During winter months, air pollution in Ankara and an increasing number of other Turkish cities rises to levels which in most countries would be totally unacceptable.

Official figures for sulphur dioxide and other gases are published daily, but most Turks in the know regard them with a degree of scepticism. They are aware, for instance, that last winter the instruments measuring pollution in Ankara's atmosphere went "off the clock" after giving readings many times above the internationally recognised safety levels.

Atmospheric pollution is only one of several environmental dangers threatening Turkey which are beginning to arouse public attention. River and sea pollution are also increasingly serious. In the Aegean city of Izmir, a major tourist and industrial centre, an unpleasant smell hangs over the town most days. No one seems to know what to do about it.

Traffic on Istanbul's Galata Bridge with the New Mosque looming through the haze

Serious environmental problems were virtually inevitable, given Turkey's high rate of population growth (about 2.3 per cent a year over the past decade) and the even faster expansion of major cities, many of them growing by 7 or 8 per cent a year, cramming families into densities per hectare often well above authorised levels in Western Europe.

As a result, shortages of basic utilities, such as electricity and more often of water, blight the life even of well-to-do Turks in Istanbul. Cuts in the water supply lasting several days are by no means unusual, and many families count themselves lucky if they can have water for a few hours every night during which baths can be taken and dishes washed.

Like many developing countries, Turkey seems to face a dilemma. If it wants to improve the quality of life for its citizens, it has to press ahead with major industrial and infrastructural projects as quickly as possible. But these can destroy areas of outstanding natural beauty and perhaps generate more pollution, so bringing down the overall quality of life.

The dilemma was seen most acutely last winter when the Ozal Government announced plans to build a major new coal-fired power-station in one of Turkey's chief beauty spots, the bay of Gokova, on the south west coast.

The Prime Minister and the President of the Republic were both driven by the press and public opinion to conduct on-the-spot investigations. Mr Ozal is a businessman's Prime Minister and his Motherland Party may be said not unfairly to be a businessman's party with an eye for the bottom line, rather than for the scenery. The environmentalists — who included all shades of Turkish opinion normally divided over every conceivable issue—got the thumbs down.

So, too, were proposals to relax environmental controls on the Bosporus shores of Istanbul to allow Arab dignitaries to acquire key hilltop sites for building palaces. The Turkish constitutional court quashed a law to allow purchase of land by foreigners—but it seems some sales went ahead during an interim period.

Opposition sources claim this was part of a systematic effort to upgrade Turkey's links with the Islamic Middle East at the cost of its national heritage. They also say that Byzantine (ie, Christian) or classical ruins in the city are being bulldozed by the municipality wherever possible. Certainly, last year the municipality several times appeared to favour Islamic monuments and to discriminate against classical or Byzantine ones.

Protection of classical ruins across the country is scanty or non-existent, partly because of expense but also because of lack of concern.

Work to improve the environment in Turkey has come chiefly from efforts of private individuals. One pioneer has been Mr Celik Gulersoy of the Turkish Touring and Motoring Club. Against a backdrop of official apathy and even hostility, he has restored old houses in Istanbul and created various showpieces, including a Victorian hotel behind the Blue Mosque and an Ottoman pavilion overlooking the Bosporus.

In Ankara, an Environmental Problems Foundation has been set up by an energetic lawyer, Mr Engin Ural, and a group of retired senior officials and public figures. It has produced a series of detailed, authoritative studies—but so far not succeeded in budging official attitudes.

Though a Directorate for the Environment exists, it plays no active role. Environmental experts say that it was typical that it took five months to obtain written answers to questions from the Directorate during the preparation of this article.

President of Cyprus, Mr Spyros Kyprianou has denounced what he called the "looting and destruction" of the archaeological treasures of Cyprus by Turkey, AP reports from Nicosia. He said it was an attempt to change the ethnological character of the part of the island occupied by Turkish troops since 1974.

Opening an international archaeological colloquium marking the 50th anniversary of the Cyprus Department of Antiquities, he said that in the past 11 years, the island's cultural heritage and tradition had suffered more than ever before.

Bomb blast injures 18 in central Madrid

BASQUE separatist guerrillas claimed responsibility for a car bomb attack in central Madrid yesterday which injured 16 civil guards and two passers-by, including an American, Spanish state radio said, Reuter reports from Madrid.

The remote-controlled bomb exploded during the morning rush hour in part of the city housing several embassies. The para-military civil guards were driving to the Soviet embassy for sentry duty.

As their wrecked bus came to a halt against a tree, injured guards fired at the attackers escaping in a taxi commandeered at gunpoint, police said.

An American out for a morning job suffered serious neck wounds and severe loss of blood from the blast. Hospital sources identified him as Mr Ken Brown, an employee of the Johnson and Johnson company

The radio reported that the guerrilla group Eta (Basque Homeland and Freedom) said in several telephone calls to Basque newspapers that it had carried out the attack.

● Fourteen Portuguese firefighters were found burned to death early yesterday after they had been caught in a forest blaze near Lamego in northern Portugal, police said, Reuter reports.

A police spokesman at Lamego, about 190 miles north of Lisbon, said by telephone that the bodies had been found by police and firemen near Armamar, east of Lamego.

The firemen had been reported missing last night after going out on a fire-fighting mission.

W. German held over high-tech spy devices

A WEST GERMAN engineer has been charged with espionage for allegedly supplying sensitive U.S. and West German technology to East Germany, the federal prosecutor's office said yesterday, AP reports from Karlsruhe.

Herr Hans Jochheim, 66, is accused of furnishing technical "measuring devices, tools for making integrated switching systems, and devices for monitoring computers and communications systems." Herr Alexander Prechtel, the prosecutor's office spokesman, said.

OVERSEAS NEWS

Another failed attempt by junior officers to seize power may reduce the military's role in Thai politics, **Chris Sherwell** reports

Thailand's fragile democracy survives an assault by Young Turks

YESTERDAY'S abortive and bloody coup by former young military officers, like their April Fool's takeover attempt in 1981, was a sobering reminder of the fragility of Thailend's democracy.

As in 1981, the Government of General Prem Tinsulanonda, the 65-year-old Prime Minister, managed to survive the onslaught only after some desperately worrying moments. As then, the impact on foreign investor confidence, will be predictably hermful.

The latest coup, the 15th since the Thel monarchy's powers were forcibly curbed in 1932, will elso be rembered abroad, for the tragic death of two U.S. television correspondents, victims of a sudden firefight in the heart of Bangkok which eventually brought the end of the attempted takeover.

But the reel political significance of yesterday's violent events may be that the Young Military Officers' Group, or Young Turks as they are known, be about to suffer their final demise.

That does not mean an end to the peculiar role in Thai politics. The triumvirate of the military, the political parties and the bureaucracy, ali delicately balanced beneath the revered and influential monarchy, seem likely to continue.

But yesterday's short-lived power grab by former Young Turk officers, taking advantage of the absence ebroad of both Gen Prem and Gen Arthit Kamlangek, the supreme armed forces commander, was an abject failure, just like their 1981 rebellion. On that count alone, military politics in Thailand already look different.

Able officers

Formed as a result of the students uprising, of October 1973, the Young Turks grew in numbers and infinence to become "kingmakers" for the Thanin regime in 1976, the Kriengsak Government in 1977, and even Gen Prem's premiership which began in 1980.

They were some of the most able officers of their era, seeing service in Indo-China, and fighting Thailand's communist insurgents. As their clout grew so did their prospects—*and their ambition.*

By the time they tried to remove Gen Prem on April 1 1981, their concerns had expanded far wider than the immediate instabilities of the mid-1970s, or the desire to influence the political process. In one analyst's judgment, they sought nothing less than power itself, with all its perquisites.

One of the main figures behind the coups yesterday and in 1981 was Col Manoon Roopkachorn, 50, e 1960 graduate from the military accademy. He and others were discharged in 1981, end never reinstated despite moves towards rehabilitation.

Col Manoon, whose brother, Air Force Wing Commander Manas Roopkachorn, also played a major role in yesterday's events, eppears to bave been inspired in turn by Gen Yos Thepsadin, a deputy army commander-in-chief in the 1970s, when he was one of the most powerful military figures in Thailaod.

Gen Yos's commander at that time, Gen Serm Nanakorn, was also named yesterday as one of the figureheads fronting the latest coup, although he, Gen Praphan, the Air Force chief, Gen Krianksak Chomanand—who were also mentiooed—may have been dragoooed into lending support.

One crucial factor determining the ootcome of yesterday's coup was the decision of Gen Arthit to hand euthority while be was in Europe to his deputy Gen Thienchai. He in turn won the support of the next two most important Bangkok military figures, Gen Pichit end Gen Chaovalit, against the rebels.

Turning point

Another factor was the failure of other Young Turk military figures to join the coup even when the rebels with 22 tanks and some 400 men bad taken control of Supreme Command Headquarters, Government House, Radio Thailand and had surrounded the Palace.

The final turning point came when the rebels failed to stop the radio broadcast of the Army First Divisions, The Royal Guard. The destructive hail of fire then unleasbed left at least four dead and 59 wounded, and shattered all hope of public support.

Without the media, other Young Turks or the army top brass, the question of whether the King might support the rebels — the ultimate determinent of legitimacy — never *even arose.*

Yesterday's events could not have come at a worse time for Thailand's 50m people. The situation in the Eastern border remains serious with 170,000 Vietnamese troops in Kampuchea, while at home, economic growth is rapidly slowing and posing challenges not experienced in 20 years.

The Government has to repair the latest damage to the country's image. It is difficult to see the rebels escaping as lightly as they did in 1981. It would hardly look becoming for the army or Government to be magnanimous twice.

With their bopeless miscalculation, the Young Turks may thus become a spent force. With that, moves towards a civilian style parliamentary democracy, can slowly continue, and the events of September 9 may one day seem like an aberration to everyone except the families of the dead and injured.

Television journalist Neil Davis covered wars, coups and revolutions, death and mayhem, for 21 years. Yesterday he filmed his own death, Reuter reports from Bangkok.

Davis, 51, of NBC News, and his soundman, William Latch, were filming rebel tanks moving on a downtown Bangkok army broadcasting building during a coup attempt. Fellow Australian Gary Burns, a Visnews cameraman, said: "Without any warning all hell broke loose.

"Everything happened in a flash. We were on a direct line of fire and I think I saw the machine-guns on four or five tanks fire directly at the broadcasting building before we all bit the dirt." Burns said Davis, still filming, rolled on top of him and said "I'm all right, I'm all right.

"During a lull in the shooting I rolled him over to help him up but ... he was dead," Burns said. "He died filming his own death." He said Davis appeared to have died almost instantly. Latch, an American, died later in hospital.

Pretoria fears morale boost to anti-apartheid lobby

BY ANTHONY ROBINSON IN JOHANNESBURG

THE effective damage to the South African economy of President Ronald Reagan's announcement of limited sanctions will be minimal compered with the damage already done by the action of U.S. banks in sparking off the debt repayment crisis.

However, the feer, expressed last week by Mr Louis Nel, Deputy Minister of Foreign Affairs, is that the U.S. President'e decision to impose largely symbolic sanctions, in the hope of heeding off more substantial measures in tbe Congressional pipeline, will legitimise the sanctions end disinvestment lobbiee around the world.

Trade between the two countries has already declined dramatically over tbe last year with U.S. exports to South Africa dropping from $1.28bn (£927.5m) in the first half of 1984 to $675m in the first half of 1985; U.S. imports from South Africa have fallen from $1.51hn to $1.07bn in the same period.

The decline in South African exports is due almost entirely to the collapse of the Krugerrand market in the U.S.

According to statistics given by the U.S. embassy in Pretorie, sales of metal coins slumped from $484.5m in 1984 to $88m in the first half of this year as the U.S. public reacted to nightly scenes on television of violence in bleck townships and the growing domestic anti-epertheid movement by switching to the Canadian Maple Lesf and other non-South African coins.

The virtual halving of U.S. exports to South Africa over the first half of this year is mainly due to e combination of the high dollar exchange rate, an end to drought-induced maize sales and the slump in the South African economy.

The decline in South African exports to the U.S., however, was almost entirely accounted for by the decline in Krugerrand sales and came against the background of a spectacular 41 per cent rise in exports generally to R19.28bn (£583.5bn) over the first seven months of the year.

With the expected ban on Krugerrands already discounted and any restrictions on new bank loans overshadowed by the far wider problem of reaching an agreed re-scheduling of existing loans, the other main areas of concern are: further restrictions on computer sales, already barred to Government departments linked to the police and other epartheid-related agencies since the Carter years; and restrictions on nuclear and other technology flows.

IBM, Burroughs and other U.S. companies play a larga and profitable role in the estimated R1.5bn-a-year South African computer market with much of the equipment being supplied from non-U.S. manufacturing subsidiaries in Europe and Asia.

Existing restrictions on mainframe sales to Government departments and uncertainty over future operations have been exploited by important European manufacturers such as International Computers (ICL) of the UK, Siemens, Olivetti and other European producers with a growing Japanese presence.

The real impact of U.S. sanctions will not be economic but political and psychological — the latest in a long line of diplomatic and political deluelons for both Pretoria and Washington.

To all intents and purposes, the combination of precipitate action by U.S. bankers and inability of the Reagan Administration to head off the sanctions lobby signals the end of the policy of "constructive engagement." Washington sought, by this policy, to encourage and cajole rather than scold Pretorie into reforms and also to achieve the independence of Namibia through combined pressure on Angola to remove its Cuban troops and Soviet advisers.

As the Reagan Administration came under increasing attack from the anti-apartheid and pro-sanctions lobbies in the U.S., Pretoria grew increasingly restive at what it saw as America's facile comparisons between the 1960s civil rights campaigns in the U.S. and what it perceives as a struggle for power and survival between rival white and black nationalisms.

It became clear that U.S. diplomatic efforts to bring about Cuban withdrawal from Angola were impotent in the absence of any effective U.S. military or other sanctions to back up diplomacy, so Pretoria took unilateral action.

It formed a transitional Government in Namibia and then, to Washington'a great embarrassment, embarked on an abortive commando-style attack on oil installations in Cabinda run by the U.S. Gulf Oil corporation and undertook an across-border raid against African National Congress (ANC) cadres in Botswana.

The action was swiftly followed by the recall of U.S. ambassador, Mr Herman Nickel, and a deep chill in U.S.-South African relations which has now turned into anger and the virtual collapse of U.S. influence in South Africa.

U.S. sanctions turn voluntary action into formal practice

BY TERRY DODSWORTH AND DAVID LASCELLES IN NEW YORK

PRESIDENT REAGAN'S announcement to a large extent formalises the practices which U.S. industrial companies and financial institutions have been developing over the last year or so under increasing pressure to take action over apartheid.

Abont half of the U.S. companies doing business in South Africa are already signatories of the Sullivan Principles, which the President urged them all to apply, and the banking sector has also largely adopted voluntary restrictions on lending to South Africa.

The U.S. computer industry, believed to hold about 70 per cent of the South African market, could potentially suffer most from the presidential sanctions, although companies claim that the largest element of their business is with the private sector.

Experts point out, however, that it is impossible to know what ultimately happens to equipment and anti-apartheid activists have argued that all computer exports should be stopped on the grounds that much of the equipment is apparently used by the security forces. Under the presidential guidelines, there does not appear to h any means of keeping control of the ultimate destination of deliveries.

IBM, which is by far the largest of the U.S. computer companies in South Africa, with almost 2,000 employees exclnsively engaged in sales and servicing, bas called that only about one-sixth of its South Africa sales goes to government customers. Some of these, it says, inclnde parastatal clients such as the airlines, utilities, and education department.

The company does not reveal exactly how much of its revenue comes from South Africa, but claims it is less than one per cent of the $46bn (£33.5bn) generated last year. Most of the equipment, it edds, comes from its plants in Western Europe.

The two financial sanctions—the restrictions on bank loans and the ban on imports of Krugerrands into the U.S.—were greeted with equanimity in banking and gold dealing circles yesterday.

Aside from bearing out predictions, they mark a belated catch-up with realities that have existed in tbe markets for some time. But their formalisation in an executive order by the President will force banks and dealers to be more specific ebout how they treet grey areas. Yesterday's ection by the President also removes any element of discretion, which will save them having to make awkward decisions.

"If this had heppened two years ago, you might have found some banks caught by it," said e bank spokesman of the new rule restricting U.S. henk loans to projects that improve the lot of minorities or aid housing, education and health. "Bnt everybody now is et least that fer along in their thinking."

Since last March, when Morgan Guaranty formally edopted e policy of not lending to the Pretoria Government, all the major international U.S. banks no whave a formalised position on South Africa. This usually takes the form of withholding loans to state agencies, or restricting loans to projects which demonstrably lmprove the lot of the black population.

But for the debt moretorium, meny U.S. banks wonld now also be trying to follow the examnle of Chase Manhattan this summer and reducing their exposure to South Africa.

Predictions of the ban on Krugerrand lmports have already affected the U.S. gold coin market—the world's largest—and will deprive South Africa of en outlet which bas ln the past accoutted for up to a half of its gold coin ontput.

In the last few years, the U.S. bas brought in about 1m of the South African coins annually. Although the ban is on the *import* of Krugerrands — not, as many U.S. lnvestors seem to believe, dealing in coins already on the U.S. market — the uncertainty about the future status of the Krugerrand bas elready affected its price here.

When the ban was first mooted eerlier this year, the Krugerrand lost much of the premium et which it traded over the basic gold price. This was because nervous investors sold off their holdings in large quantities

"The market has already been badly damaged. There is concern for the Krugerrand'a liquidity and resale value," said Mr Jeffrey Nicholls, whose firm, Precious Metals Advisors, specialises in the gold coin market.

Europeans under pressure to act

BY QUENTIN PEEL IN LUXEMBOURG

EEC Foreign Ministers were under growing pressure yesterday to agree on some form of economic sanctions against South Africa when they meet in Luxembourg today to decide on a joint policy.

President Reagan's statement in Washington on a limited range of measures has clearly embarrassed those EEC members, like Brilain and West Germany, opposed to sanctions.

It coincided with a demand yesterday by the combined anti-apartheid movements of the Community for comprehensive mandatory sanctions. They called for the immediate closure of the Souht African mission to the EEC, the withdrawal of the remaining Community ambassadors from Pretoria, and a ban on EEC central banks or other financial institutions from giving any further credit or other facilities to the South African economy.

At the same time, ambassadors from the Organisation of African Unity (OAU) end the African, Caribbean and Pacific states (ACP) involved in the Lome convention with the Community, presented their own demand for tougher European action to M Jacques Poos, the Luxembourg Foreign Minister and current chairman of the Council of Ministers.

M. Poos will today report to his colleagues, including the Spanish and Portuguese Foreign Ministers, on the conclusions of his mission to South Africa last month with Sig Giulio Andreotti, the Italian Foreign Minister, and Mr Hans Van Den Broek of the Netherlands.

Although the three will apparently not propose any sanctions intended to speed up the process of reform leading to the complete removal of the apartheid system, the Community remains seriously divided on the issue. Denmark, France and the Netherlands remain most strongly in favour of tougher action, while Britain and West Germany are most reticent.

Herr Hans-Dietrich Genscher, the West German Foreign Minister, insisted yesterday that they would not be precipitated into taking economic measures just because of the U.S. decision, saying his Government remained opposed to sanctions. Any EEC decision would be taken simply in the light of Europe's responsibilities.

The anti-Apartheid movements, meanwhile, declared that failure to take any action meant the EEC "will have chosen to come to the aid of the apartheid regime at its time of greatest need."

The organisations, which met for the first time in Brussels at the weekend to coordinate their position, also called on the EEC Ministers to begin talks with the African National Congress (ANC), the exiled South African nationalist movement, "as the legitimate representative of the people of South Africa."

Police arrest further 253

BY OUR JOHANNESBURG CORRESPONDENT

SOUTH AFRICAN police arrested a further 253 people under the state-of-emergency regulations last week, bringing the total arrests since the emergency was declared seven weeks ago to 2,687.

But 455 people were released during the period, so reducing the total number of people still in detention to 906 and raising the total number of those detained and then released to 1,781.

Meanwhile four members of the end-conscription campaign formed to stop the conscription of young people into the South African Defence Force, were arrested yesterday when police raided the homes of 20 activists in Johannesburg, Cape Town, Durban and Pietermaritzburg.

Elsewhere, police reported continuing unrest in several townships in the eastern Cape and in Soweto, where three buses were driven into the wall of a beer hall and liquor stolen.

Howe seeks better Anglo-Nigerian relations

BY MICHAEL HOLMAN AND PATTI WALDMEIR IN LAGOS

SIR GEOFFREY HOWE, the British Foreign Secretary, is due to arrive in Nigeria today on a two-day official visit intended to resolve strained relations with Britain's largest trading partner in black Africa.

Exports have fallen from a peak of £1.4bn in the early 1980s to last year'e £768m, as Nigeria'e oil revenoes declined, but Nigeria remains an important market.

British businessmen, however, expect Sir Geoffrey to raise the problem of continuing delays in repaying at least $5bn in overdue trade debts, of which some $2bn is owed to Western export credit egencies.

Britain is the largest single creditor, with more than £500m due in insured trade claims and two to three times that amount owing in uninsured arrears. The exact size is disputed.

Sir Geoffrey, the first senior foreign visitor to be received by the new militsry Government which seized power in a coup on August 27, is to hold talks with President Ibrahim Babangida.

British and Nigerian officials see the visit as e chance to end one of the most strained periods in Anglo-Nigerian relations, which began with the ebortive kidnapping in London last July of a prominent Nigerian exile, the former Transport Minister, Mr Alhaji Umaru Dikko.

They have been exacerbated by what the Nigerian Government of the day saw as Britain's unhelpful attitude towards efforts to reschedule the insured trade arrears by insisting that a loan agreement with the International Monetary Fund (IMF) should be a precondition.

The importance in trading terms of Sir Geoffrey's visit is underlined by the arrival, hard on his heels on Friday, of M Roland Dumas, France's External Relations Minister.

M Dumas will be seeking to consolidate France's recent gains in exports to Nigeria, which seriously threatened Britain's traditional place as Nigeria's largest supplier.

Nigeria and Britain appear to have moved quickly to take advantage of the fresh opportunities provided by the overthrow of the former leader, General Muhammadu Buhari.

Mrs Margaret Thatcher, the British Prime Minister, was the first Western leeder to send a message of support to the new Government, which for its part made an early conciliatory move with the release from prison of Mr Graham Coveyduck, a Briton held for nearly a year after being charged with extortion.

The case of two Britons still detained on charges of stealing an aircraft is unlikely to prove much of a barrier to progress in the talks, as British officials appear ready to accept Nigeria's argument that they cannot be relieved while their case remains in the courts.

More broadly, the Administration, which appears to have adopted the cautiously pro-Western stance of its predecessor, has indicated a likely shift oo key economic issues which affects Britain.

The ousted government's controversial policy of counter-trading oil for goods, which puts British companies at a serious disadvantage in competing for Nigeria's shrinking export market, is to be reviewed.

The deadlock over insured trade arrears may be broken by President Babangida's expressed willingness to end the stalemate in negotiations with the IMF for loans of up to $2.4bn. Senior officials have said that the Government will consider devaluation of the naira one of the major obstacles to agreement.

Lagos, however, hopes for Britain's support when it asks the IMF for a sympathetic hearing, which takes account of the domestic unpopularity of a devaluation and other measures, likely to include a cut in domestic fuel subsidies.

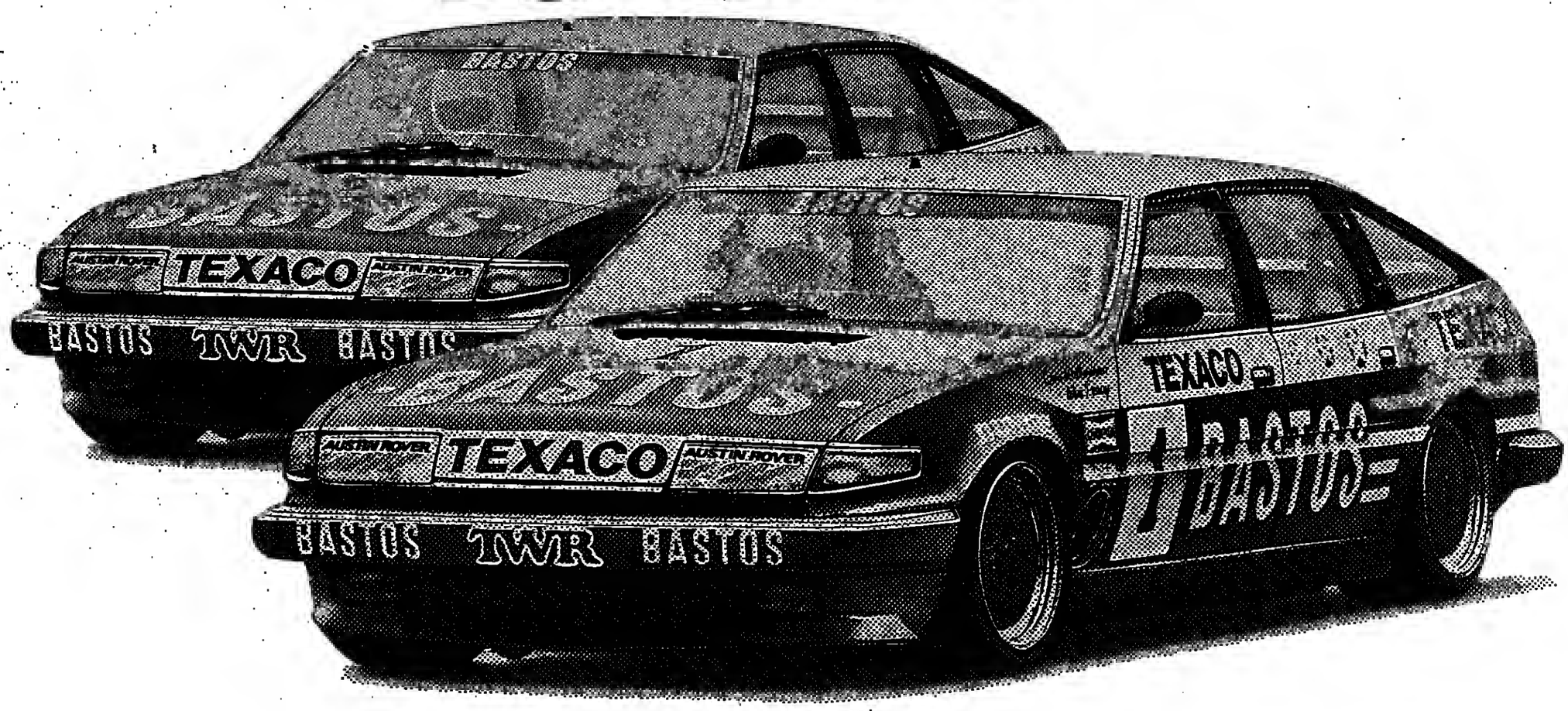
The most contentious issue likely to arise in the talks is Britain's opposition to sanctions against South Africa. President Babangida has so far made no public statement on the metter, but may well warn Sir Geoffrey that Nigeria will be prominent among countries at the forthcoming Commonwealth Heads of State Conference, pressing for a tougher British stance.

Sir Geoffrey Howe

Nevertheless, expectations are high that the meeting can lead to a marked improvement in relations which reached a nadir when the two countries withdrew their High Commissioners in the wake of the Dikko affair. One likely outcome of Sir Geoffrey's visit is that the posts will soon be filled.

Mr Dikko is presently involved in complicated extradition proceedings, but neither side now appears anxious to speed up a process which could take months.

Rover beats Europe's best.



At 5.50pm on Sunday, after 107 punishing laps, the Bastos Rovers stormed home to take 1st and 2nd places in the Tourist Trophy at Silverstone.*

A great success for drivers Walkinshaw and Percy in car number 1, and Soper and Schlesser in car number 7.

And, as their 4th victory in Europe this year, another great achievement for Austin Rover in their motorsport programme.

And their success is your success.

Because everything Austin Rover learn from their cars on the track they put into their cars on the road.

The Silverstone Tourist Trophy.
Britain's leading saloon car race.
Won by Britain's leading saloon cars.

AUSTIN ROVER

NOW WE'RE MOTORING! AUSTIN ROVER

*Subject to official confirmation.

OVERSEAS NEWS

Australian Liberal leader names strong new shadow cabinet

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE DRAMATIC change in Australia's political climate was confirmed yesterday, when Mr John Howard, the new Opposition leader, named a shadow Cabinet tailored to project the rationalist, neo-Thatcherite platform with which he will seek to demolish Mr Bob Hawke's Labor Party Government at the next general election.

Mr Howard grasped the Liberal Party leadership last week, when an attempt to demote him by the former leader, Mr Andrew Peacock, backfired.

Mr Howard, a former Treasurer (Finance Minister), is keen on privatisation, and sees deregulation of the labour market—plus an attack on union power—as the key weapons with which to confront Mr Hawke.

Mr Jim Carlton, a prominent Liberal "dry," and former Health Minister, was named shadow Treasurer. Mr Neil Brown, the new Liberal Party deputy leader, was named shadow Industrial Relations Minister.

Mr Peacock, who surrendered the leadership without rancour, becomes shadow Foreign Affairs Minister.

Mr Howard claims Australia cannot afford the current Hawke pay and prices pact with the unions, and says it is not unreasonable to press for "diminution of the industrial muscle of many union bosses."

Mr Cliff Dolan, president of the Australian Council of Trade Unions (ACTU), told the council's bi-annual congress in Sydney yesterday that the "stupidity" of the Liberals' earlier wages policy had produced the highest unemployment since the 1930s.

Mr Dolan praised the Hawke pay accord, but said that relations with the Government were not all "sweetness and light."

Recent sharp differences with the Government over tax reform made nonsense of claims that the Government was union-controlled, said Mr Dolan.

Nuclear protest yachts set sail for Mururoa test zone

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND'S prime minister Mr David Lange described the sailing yesterday from New Zealand of three anti-nuclear protest yachts to the French nuclear testing zone at Mururoa as "a clear message to the French Government of the opposition of New Zealand and South Pacific people to continued nuclear testing."

He said the voyage is a "courageous act in view of the bombing of the Greenpeace flagship Rainbow Warrior."

Because of the loss of Rainbow Warrior, which was to act as a supply ship, the three yachts are packed to the rails with food and supplies. Hundreds of people watched them sail from Auckland.

Reports from Papeete say a French navy ship will leave French Polynesia this week to intercept the Rainbow Warrior replacement, MV Greenpeace, now on its way to Mururoa from Amsterdam. A contingent of French marines is also reported to be standing by in Tahiti to prevent anti-nuclear activities by the protest yachts.

Mr Geoffrey Palmer, New Zealand's Deputy Prime Minister and Minister of Justice, is to present to the French Justice Minister details showing the high standards of NZ prisons when he arrives in Paris next month. He is angry at French suggestions that the two French secret service agents being held in connection with the Rainbow Warrior bombing are not being treated correctly.

New Zealand police apparently had cause to believe an attempt might be made to rescue the two agents, Major Alain Mafart and Captain Dominique Prieur, from jail. It was this which caused the transfer of the agents to a higher level security prison.

Mr Lange has been slightly embarrassed by the revelation that the two French agents stayed in a motel unit he owns during their travels around New Zealand.

The Prime Minister's family owns a unit in the Hinemoa motel at Parakai, a beach resort north of Auckland. When he is not using it the motel unit is let to other travellers.

AMERICAN NEWS

Abu Dhabi fraud trial resumes

By Kathleen Evans in Dubai

THE TRIAL is to resume today in Abu Dhabi of Jawad Hashem, the former president of the Arab Monetary Fund, and five former associates.

Mr Hashem is accused of breach of faith, forgery and falsification of accounts in the local criminal courts following his five-year term of office at the fund, which ended in 1982. The trial is being brought in connection with alleged losses estimated by one leading accounting firm to amount to $70m (£51m).

Three other former officials are also accused. They are Mohammed Mehdi Bahr el Eloum, Samir Fadel Oan and Jalal Adhar Stephan who, like Dr Hashem, are Iraqi nationals. All are said to be outside the country and will not appear in court. This is believed to have caused some difficulties for under Abu Dhabi law, trials in absentia are not recognised. Legal sources are thus expecting further delays in the case.

Jawad Hashem is believed to be resident in London and at present there is no extradition treaty between Britain and the Emirates. British officials say that differences in law between the countries would prove an obstacle to such a treaty.

However, two of the accused are expected to be in court. They are Samir Rajab, head of the accounting section of the fund, and another accountant, believed to be employed by a firm of accountants which previously audited the fund's books.

Mr Hashem has constantly maintained the accusations against him amount to a vendetta and that he is innocent of all charges.

Gemayel visits Saudi Arabia

LEBANESE President Amin Gemayel left for Saudi Arabia after a four-day visit to West Germany and talks with Chancellor Helmut Kohl on economic aid for his war-raveged Middle East nation, AP reports from Munich.

A presidential palace statement in Beirut on Sunday said Mr Gemayel would have talks with King Fahd in Saudi Arabia. He was expected to ask for financial support for Lebanon's economy, battered by 10 years of civil strife.

Chilean truck drivers flex muscles

Mary Helen Spooner reports on protests against a move to tighten tax controls.

THE violent demonstrations in Santiago last week in which 10 people were killed have pushed into the background a less publicised but highly sensitive protest by Chile's independent lorry drivers.

The powerful body of lorry drivers are furious over what they regard as government insensitivity to their financial problems, and are now beginning to flex their muscles. These same people, who have been basically supportive of General Augusto Pinochet's military regime, played a crucial role in paralysing the country just before the late President Salvador Allende's overthrow 12 years ago tomorrow.

The lorry drivers have been incensed by a move by the tax authorities to monitor their cargoes more closely. In protest two weeks ago they took their trucks on to a section of the Pan American Highway south of the capital Santiago and blocked it in both directions.

For three and a half hours some 1,500 motorists were caught up in a monumental traffic jam. No move was made to dislodge them and they were able to circulate a document saying they were in a "state of alert and mobilisation" over increased petrol prices, the tax authorities' crackdown and a host of other grievances. The protest finally ended when Chile's internal revenue agreed to meet Sr Adolfo Quinteros, the drivers' leader.

This reaction by the authorities contrasts sharply with the strong arm methods used during and after last week's street demonstrations against Gen Pinochet and illustrates the clout of the lorry drivers.

Chile's peculiar geography — more than 4,000 km long but averaging only 170 km wide — makes it especially dependent on land transport for the delivery and distribution of goods.

Drivers' leaders say that a nationwide strike by their organisation today would have a more immediate impact than their strikes of a decade ago, because shopkeepers and consumers no longer hoard goods as they did in the era of the Allende Government's hyperinflation.

The drivers' plight is symptomatic of the difficulties being experienced in Chile as a result of three years of austerity imposed by the Government to cope with the burden of servicing $20bn (£14.3bn) of foreign debt.

Chile's lorry drivers have a combined debt of $180m. The bulk of this was contracted prior to 1982 when the Chilean peso was devalued after three years' fixed exchange rate. They contracted extensive dollar-denominated debts, along with much of Chile's middle class, in the belief that the fixed exchange rate would continue — as the authorities assured the public it would.

Successive devaluations have boosted the peso rate to 176 to the dollar, with a corresponding increase in what Chile's domestic debtors owe their creditors.

The central bank offered a "preferential dollar," well below the official exchange rate, for the repayment of dollar-denominated loans. But this subsidy is being eliminated gradually under prompting from the International Monetary Fund and Chile's foreign creditors.

The lorry drivers charge that a semi-monopoly of state enterprises and financial conglomerates is pressuring them to transport cargoes below cost.

"At present, the state is controlling nearly 70 per cent of our activity," said Sr Adolfo Quinteros, and the situation threatens to compromise the drivers' political independence.

The economic woes of Chilean lorry drivers brought them into open opposition with the Pinochet regime in 1983, when they joined a short-lived national strike called by copper mine workers and other labour groups.

The labour strike, however, met with only partial success, and the Pinochet regime moved quickly to defuse the situation by ordering the state development corporation, Corfo, to allow the drivers to renegotiate their debts and acquire new lines of credit.

Many drivers were hopeful that the newly-appointed civilian Interior Minister and cabinet chief Sr Sergio Jarpe would implement political reforms and undertake a more populist economic policy. But this did not happen.

The lorry owners have also been hit hard by increases in fuel prices, which include five separate hikes this year alone. The National Statistical Institute reports fuel prices grew by 67.1 per cent in the past 12 months, while consumer price inflation grew by 35 per cent.

According to Sr Quinteros, the fuel price increases have negated any economic relief the drivers may have obtained from their debt rescheduling.

At the time of last year's debt renegotiations with Corfo, it was agreed that the lorry drivers would repay a maximum of pesos 45,000 a month, while their monthly fuel costs were averaging pesos 68,000 a month. Their monthly fuel expenditures have since risen to pesos 115,000 a month. The country's continuing economic slump has reduced demand for their services and made any rate increase impossible.

The 1972 lorry drivers' strike was called to demand higher rates and to protest at a Government proposal to establish a state lorry transport agency in southern Chile. The lorry owners were angry over what they perceived as the Allende Government's encroachment on private property, something which threatens the drivers today, Sr Quinteros said.

"What hurts the middle class is the loss of private property, and the same thing that happened with Allende's Popular Unity Government is happening today," he said. "We have already been expropriated, although by a different means."

Reagan aide discusses Contra funds

By Nancy Dunne in Washington

MR ELLIOTT ABRAMS, the assistant secretary of state for inter-American affairs, was scheduled to meet in Panama yesterday with U.S. ambassadors to Central America and other Administration officials to discuss American policies for the troubled region. Among topics under discussion will be the implementation of a plan for giving $27m (£19.3m) in non-military aid to Nicaraguan Contra rebels seeking to overthrow the Sandinista government.

The meeting follows the leaking to the press of a secret State Department paper written in preparation for the discussions. The four-page document views pessimistically the chances of victory soon for U.S.-backed forces in El Salvador and Nicaragua and says the Reagan Administration will seek additional funds from Congress for economic and military aid to the region.

"The armed Nicaraguan resistance is a potent force but still a long way from success," the paper says. "Public support is growing but still tenuous."

The document reaffirms the U.S. commitment to the so-called Contadora peace process, undertaken by Mexico, Colombia, Venezuela and Panama, but it says "collapse would be better than a bad agreement."

Mr Abrams told the New York Times this week that the discussion paper did not precisely express his views.

U.S. and Britain in Caribbean military exercise

By Hugh O'Shaughnessy

FORCES from the Eastern Caribbean states join with U.S. and British personnel tomorrow in the most ambitious joint military exercise to be mounted in the region. The exercise is code named Exotic Palm.

U.S. forces under the U.S. naval commander at Key West, Florida, will take part in an amphibious landing near the main international airport in St Lucia together with the British Caribbean guard ship HMS Alacrity and locally based U.S. and British advisers.

In the five-day operation the special service units of St Lucia, Dominica, St Kitts-Nevis and Grenada together with men from Barbados, Antigua and Jamaica will be testing equipment and training they have been given, primarily by the U.S.

The U.S., which has been seeking greater military co-ordination with the Eastern Caribbean countries since it invaded Grenada in 1983, is considering increasing its presence on Antigua where it already has a small base.

The Regional Security System proposed and set up after the Grenada invasion, and made up of elements from the islands' defence forces, is expected soon to designate a permanent base in the region.

The St Vincent Government of Mr James Mitchell has declined to take part in Exotic Palm. Mr Mitchell has been critical of the possibility of excessive military spending in a poor region of the world.

BASE LENDING RATES

A.B.N. Bank	11½%	■ Hambros Bank	11½%
Allied Dunbar & Co.	11½%	Heritable & Gen. Trust	11½%
Allied Irish Bank	11½%	■ Hill Samuel	§11½%
American Express Bk.	11½%	C. Hoare & Co.	11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Amro Bank	11½%	Johnson Matthey Bkrs.	11½%
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	12 %
Banco de Bilbao	11½%	Lloyds Bank	11½%
Bank Hapoalim	11½%	Edward Manson & Co.	12½%
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Girobank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid. East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Choulartons**		Royal Trust Co. Canada	11½%
Citibank NA	11½%	■ J.Henry Schroder Wagg	11½%
Citibank Savings	‡12¾%	Standard Chartered	‖11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co. Ltd.	12 %	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	11½%	Williams & Glyn's	11½%
The Cyprus Popular Bk.	11½%	Yorkshire Bank	11½%
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	13 %		
First Net. Secs. Ltd.	13 %		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	‡11½%		
■ Guinness Mahon	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1 month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 8%.

WORLD TRADE NEWS

EEC plays down Reagan assault on unfair trading

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Community has adopted a cool stance in the face of President Reagan's new assault on what he considers to be the unfair trading practices of the U.S.'s commercial partners.

President Reagan has told the EEC, in effect, to respect a ruling from a General Agreement on Tariffs and Trade (Gatt) disputes panel on subsidies for canned fruit or face unilateral action by the U.S. after December 1.

But European Commission officials yesterday were deliberately playing down the affair, observing that canned fruit was of minor importance compared with the steel trade issues which have to be negotiated by the end of this year.

Even before President Reagan made his weekend broadcast on trade policy, diplomats of the Ten had planned to discuss the canned fruit question today.

The issue has been alive since 1982 when the U.S. asked for a Gatt panel to adjudicate on its claim that EEC subsidies to processors had eroded the effect of tariff concessions it had received from the EEC for canned peaches, canned pears, canned fruit mixtures and raisins.

The Gatt panel reported last March. It concluded that the EEC ought to find a way of restoring freer competition as had existed before the grant of production aids on peaches, pears and fruit salad. But it did not find market distortions in the raisins sector.

Since then the Ten have been discussing whether to accept the panel report against a background of declining subsidies. The level of aid is designed to bridge the gap for processors between the price of locally produced fruit and the world price.

For pears it is Ecus 17.1 (£9.7) per 100 kilos this year, down by 7 per cent against 1984 which had been down to 10 per cent against 1983. For peaches the subsidy is Ecus 19.5 this year, compared with Ecus 22.5 in 1984.

U.S. shipments of the products in question are about 6,500 tonnes a year with a value of $10m (£7.5m).

The figures emphasise the political nature of the Reagan exercise, presumably designed to show an increasingly protectionist Congress that the Administration is prepared to take a tough line with those whose policies it sees as inimical.

They also explain why the Commission is anxious not to appear provocative when wider issues are up for discussion.

Ford ships Brazilian trucks to U.S.

By Ann Charters in Sao Paulo

SHIPMENTS OF Brazilian-built Ford trucks from the Cargo range, have begun to the U.S. A total of 1,800 units valued at $30m (£22m) are to be shipped this year by Ford Brasil. Another 3,500, worth $60m, are to be exported to the U.S. market next year.

The 13 to 15 tonne trucks, with a low-tilt cab configuration, are based on engineering and manufacturing expertise from a number of Ford operations.

The cab is a European design; the diesel engine was developed in Brazil with British and U.S. engineering input, the chassis is a U.S. Ford design, while the transmission, power train and finished product are the contribution of Brazilian engineering.

Mr Edward Hagenlocker, president of Ford Brasil, said the decision to produce the truck in Brazil was taken because Ford needed a new truck for the domestic market and the local subsidiary is able to produce a vehicle competitive with Japanese trucks in the U.S.

Among Brazil's automotive manufacturers only Daimler-Benz successfully exports trucks to the U.S. Volkswagen do Brasil has plans underway to sell 100,000 cars to the American market beginning in 1986.

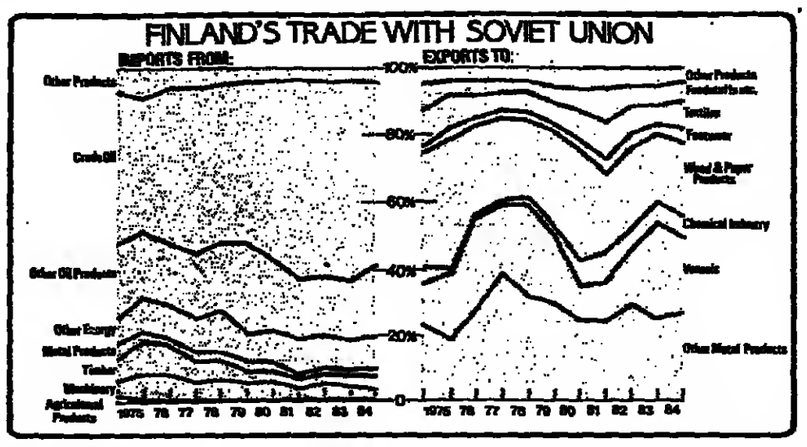
Production of the Ford truck line is projected at 20,000 units annually, half exported. The company recently invested in modernising its Ipiranga plant in Sao Paulo where the Cargo is manufactured.

Christian Tyler examines Helsinki's long-standing agreement with the Soviet Union

Barter trade keeps Finland in Bear meat

WHEN THE citizens of Helsinki tire of smoked reindeer meat and cloudberry sauce they can go to the Russian restaurant and order boar chops or bear steak. It is one of the perks of a barter agreement with the Soviet Union that has been operating since 1947 and which, in some years, accounts for as much as a quarter of all Finland's foreign trade.

Barter trade is the flavour of the moment in many parts of the world because so many developing countries are strapped for cash. Finland's long experience of it is unique in the West; and despite the disadvantages of an extraordinary dependence on the decisions of the Soviet central planners, it is hard to find anyone in authority who wants to see it ended.



"The people in the Soviet Union are real businessmen, the best quality I know," said Mr Yrjo Pessi, president of Kemira, one of Finland's biggest companies. "They are very clever and very professional."

The Finns owe their statehood to the Russians, but fought them twice during the Second World War. They protect their independence and neutrality today partly by avoiding unkind words about the Bear next door. They insist, however, that the economic relationship is—with some reservations — positively beneficial, and probably more so to Finland than to the Soviet Union.

An official of the Bank of Finland said: "For many Westerners it is hard to believe. They behave towards us pretty well, and of course we try to do the same. Finns have never been on their knees to the Soviet Union and there is no need to be now."

The two Governments have signed an eighth trade agreement, covering the years 1986 to 1990, to coincide with the next Soviet five-year plan. Two-way trade is expected to exceed 5bn roubles (£4.4bn) a year.

The arrangement was born after the war when the Soviet Union exacted reparations in kind, thereby forcing Finland to industrialise. It gave her a secure market, as it does still, for leading industries, especially textiles and shipbuilding.

Later, when the rest of Europe was being rocked by the two oil shocks of the past decade, Finland was able to pay in kind for Soviet oil by increasing her output of manufactured goods for the USSR.

The barter agreement has also cushioned Finnish industry against recession in Western markets. Today, however, the lop-sided structure of the barter agreement has turned some of these pluses into minuses.

The agreement sets quotas, but prices and actual sales are negotiated between individual Finnish companies and Soviet foreign trade organisations. Since the bulk of Finnish imports is oil, and the world market price of oil is low, and since Finland's appetite for Russian oil is obviously limited, either the volume of Finnish exports will fall, or the Soviet Union must find other products to sell to Finland.

Several stop-gap measures have been adopted recently to try to keep the trade volume on target. For example, the Finnish state-owned oil company, Nesté, has been taking surplus Soviet oil—some of it the product of Soviet barter deals with third countries—and selling it on the spot market.

In theory, the trade gap, as registered by the clearing account, may not exceed 300m roubles. In practice, imbalances, even if they exceed the official limit, are never settled in hard currency.

No cash crosses the long Soviet-Finnish border. Trade is conducted in invisible "clearing roubles," whose rate of exchange is variable at around FM 7.4 (89p). The account is managed on behalf of the two Governments by the Bank of Finland (an independent central bank supposedly accountable to Parliament).

When Finnish sellers strike deals with Soviet buyers, they are paid in Finnmarks by their own bank, via the Bank of Finland. On the other side of the border, the paying agent is the Soviet Vneshtorgbank, or foreign trade bank.

All transactions are negotiated in the ordinary way between buyer and seller. For example, the price at which Nesté buys Soviet crude is more or less exactly the world market price, say officials and the price may be adjusted as often as 10 times a year. In theory the so-called framework agreement between the two Governments commits nobody to buy or sell.

The long lists of goods and quantities that appear in the protocols represent something between a forecast, a target and a commitment.

If the latest targets or forecasts prove too optimistic, Finnish companies will have to find their export growth in other, Western, markets, where there is no predisposition — political or economic — to strike a bargain.

"Finnish companies are considering very carefully how much it is economically wise to manufacture for the Soviet market," said Mr Pertti Huitu, president of the Finnish Foreign Trade Association.

In the long run, according to Mr Huitu, Finland cannot place more than a quarter of its trade with the Soviet Union and must find new markets in areas like South-east Asia and the Middle East, or it must step up its sales to the West.

"It is not a question of Russian ability to pay, but our ability to import," said another businessman. "Companies are being encouraged to diversify to the West because of lack of growth in Soviet trade. But there is a risk of people sitting back in the rocking chair and enjoying life for the next five years."

Norway shipping sector suffers NKr 1bn loss

BY FAY GJESTER IN OSLO

NORWAY'S shipping companies made an overall loss of NKr 1bn (£87m) in 1984, according to Mr Wollert Hvide, president of the Norwegian Ship Owners Association.

He said that 50 of 83 companies had achieved a total profit of NKr 2.9bn on the year's activities. But the aggregate losses of the remaining 33, totalled NKr 3.9bn, leaving the shipping sector as a whole in the red. The figures cover profit (or loss) after depreciation, but before end-year allocations.

Mr Hvide said this year's further deterioration had stimulated a continued marked decline in the Norwegian-registered fleet—which has shrunk by more than 10 per cent during the first half of 1985 in tonnage terms. The trend had been only partly offset by a rise in the Norwegian - owned fleet under foreign flags.

The Norwegian registered fleet at mid-year numbered 717 ships totalling 28.3m dwt, a fall of 37 vessels, and 3.5m dwt, from end 1984.

● *Polar Pioneer*, a new drilling rig purpose-built for operation in Arctic waters, arrived yesterday in the Norwegian port of Bergen after a journey of several months from its Japanese building yard.

EEC ministers to meet GCC

MINISTERS from the European Economic Community and the Gulf Co-operation Council (GCC) will meet in Brussels in October to discuss ways to improve strained trade relations, M Claude Cheysson, the European Commissioner, said yesterday, Reuter reports from Riyadh.

The meeting was agreed during M Cheysson's talks in Riyadh with Abdullah Bishara the GCC Secretary General.

Relations between the GCC and the European Community have been strained over European tariffs on Gulf petrochemical exports.

Special Gatt meeting called

BY WILLIAM DULLFORCE IN GENEVA

THE INTERNATIONAL trade negotiations sought by the U.S. and other industrialised countries inched closer to realisation yesterday when the 90 countries belonging to the General Agreement on Tariffs and Trade (Gatt) were called to an extraordinary session at Geneva on September 30.

The session, which is expected to last for three days, has been called at the request of the U.S. in a bid to overcome the impasse reached in the Gatt Council in July, when a small group of developing countries rejected the proposal that the new round of talks should deal with trade in services as well as in goods.

According to the invitation issued yesterday by Sr Felipe Jaramillo, the Colombian chairman of Gatt contracting parties, the special session is to examine "the subject matter and modalities" of the proposed new round.

The lack of detail on the agenda stems from the fact that the row over services remains unresolved and is likely to surface immediately in the special session, which promises to be stormy.

India has not budged from its opposition to having trade in services discussed at all under the auspices of Gatt, while Brazil still wants guarantees that any twin-track solution for separate but parallel negotiations on goods and services will not permit trade-offs between the two.

Fears that countries opposing talks on services might break up the special session appears, however, to be dissipating. They are more inclined to pursue the fight in the session itself.

U.S. team to visit Athens to probe technology leaks

BY ANDRIANA IERODIACONOU IN ATHENS

A TEAM of U.S. State Department and Pentagon officials is going to Athens to examine with the Greek authorities the problem of military technology leaks to the Soviet Union.

The issue is holding up Washington's approval of an export licence for the sale of 40 F-16 fighter aircraft for the Hellenic Air Force.

The Greek Government said the team was expected in September. The purpose of the visit, it says, would be to "initiate discussions" on the signing of an agreement for the protection of high technology products."

The U.S. has agreements which guarantee in general terms the security of military technology with most allied countries, but not with Greece.

Washington's concern over the leakage of Western military technology to the Soviet Union through Greece was reportedly triggered by information disclosed by Mr Sergei Bokhan, a first secretary at the Soviet Embassy in Athens.

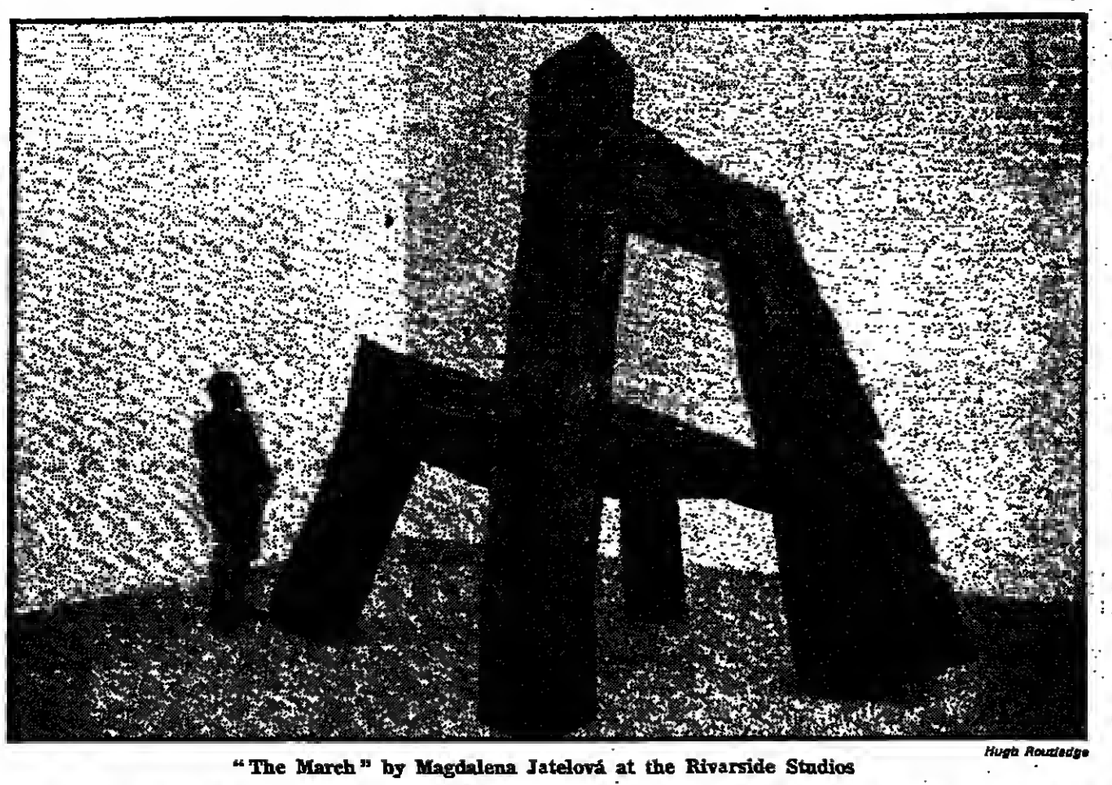
THE ARTS

Galleries/Deanna Petherbridge

On the march to the cutting-edge

One of the sources of unease about contemporary art is an awareness of the dreadful conformity of internationalism—the depressing knowledge that from New York to Nagasaki to Newcastle artists are working from the same sources, with the same forms and within the same suspension of time which the current mode embraces. When one comes upon an artist whose work suddenly cuts a channel of understanding into another culture and another historical heritage, the sense of relief and interest is as acute as a visit to a foreign country.

So, although Magdalena Jetelová's wooden sculpture is *not formed from a totally* foreign alphabet, there is something in the way she intonates her sculptural ideas and rough-hews her material which is refreshingly unfamiliar and very Czech. Jetelová's mammoth oak sculpture overwhelms the gallery of Riverside Studios (until October 6) as if in imminent flight. Each piece, although massively heavy, is in no way inert: the chair is on the march, the staircases writhe into impossibility and the houses, fresh and unmarked from a ritual conflagration, are crazily leaning into destruction.



Hugh Routledge

"The March" by Magdalena Jetelová at the Riverside Studios

Jetelová's work was first seen in Britain in 1983 when she had a staircase piece on show at Michael Compton's controversial New Art exhibition at the Tate Gallery. With works too monumental to fit into the Riverside gallery for the present exhibition, a large piece, "Vykupitel, The Deliverer," is also on show in Kensington Gardens. This is the most obviously anthropomorphic of the sculptures, suggesting a running figure gathering impetus from a bounce off the wall of the Serpentine gallery and about to speed into the park. In this piece, the dark metal sections, which in other sculptures have only a supporting function, have become a positive part of the piece, bifurcating the heavy oak and projecting into outstretched arms. In the Riverside pieces, the human—or perhaps superhuman—dimension is implied in a more metaphorical manner. Chairs, stairs, doorways and houses, however schematic, are objects of familiar usage and the exaggeration or diminution of their logical proportions draws uneasy attention to human presence or absence.

Transposition of scale is not a new device. Graham Ashton, for example, used oversize furniture to suggest a family group in a chilling anti-war installation exhibited at the Serpentine Gallery some years ago. But in Jetelová piece "The March," the gigantic scala of the chair is coupled with an equally exaggerated transposition of function. As in Paul Klee'a "Revolt of the Viaducts" of 1938 where the viaducts are no longer the passive agents of moving water but themselves on the run, Jetelová'a metamorphosed chalr is striding away after the gigantic and Kafkaesque presence which has just vacated it. In "Stairs," the heavily scored treads, too large for human usage, hava turned in on themselves and aspire only to futility.

Milena Kalinovska, the Czech-born director of the Riverside gallery (and herself short-listed for this year's prestigious Turner Prize to be awarded at the Tate in November) suggests that the sculpture reflects the unease of an oppressive society. In the catalogua essay, *The Images of Apocalypse*, she writes: "While never explicitly political, (Jetelová's) work leaves us in little donbt that the violence dona to the household is strictly comparable to the violence done to a whole country." The small wooden-frame or solid-block bouses in the exhibition are not strictly works in their own right, hut are the documentary evidence of a two-minute video entitled *Houses*, in which the structures are shown untouched and unmoved by tha hillowing red smoke of a symbolic *auto da fé*. By not permitting the houses to show the marks of burnig and charring, the artist maintains a certain distance from facile melodrama.

In fact, all the sculpture, although tha wood is chiselled and roughly marked, is bandled with a decisiveness and bold restraint that is very culture-specific. Protruding wooden dowels punctuate the surface and bold shingles of wood in place in a tradition of direct craftmanship which harks back to the medieval. Appropriately, in October Jetelová will be working on a sculpture connected with a forestry project while artist-in-residence at the Arnolfini in Bristol. Her residency and exhibition at Arnolfini coincide with the Bristol-Czechlovak Festival at Venoes throughout Bristol.

★

At the Edward Totah Gallery (until October 5) Paula Rego, one of the British exhibitors at next month'a Sao Paulo Biennale, exhibits a new series of crowded and zany paintings. Rego's satirical iconography of anthropomorphic animals and nursery figures derives from Portuguese fairly tales and personal myths and has become enriched over the years into a complex *commedia dell'arte* of characters and narratives. Although Rego's personal style is different from the gutsy, slashed outlines of most Philip Guston-inspired New Figuration, she shares with the movement a penchant for overloaded compositions, psychological incident adn anecdote. Her subject matter is topically sexist. She draws and redraws the archetype of the sexually potent child-woman, malicious, manipulative and mock-innocent, but by placing this figure in absurd and bizarre situations she pokes fun at notions of mala dominance.

Some of the new paintings are based on the happenings of the "Vivian girls," a thema loosely culled from an extraordinary unpublished manuscript begun in 1916 by Henry Darger, a Chicago hospital cleaner. "The Vivian girls are the heroines and the slaves of my stories. They have been enslaved by the adult world, bnt they always fight back; sometimes by cunning and devious means. (They) are terrified of higher moral ideals as they know that these are the pretexts used by their gaoler-teachers to perpetrate the worst tortures." In "The Vivian Girls as Windmills," the girls rotate briskly around the painting to the sound of a transistor abowing off their knickers; a girl in a pose of careful abandon is lectured to by an elderly harridan bird in a chintz wrapper, girls are devoured by crustaceans or sewn up by skirted donkeys. In another work of the series, the girls in innocent gear are smashing lamps and china in the intervals of a polite animals' tea-party.

Rego has recently begun working on canvas and this has opened up a richer variety of paint handling and colour than in the previous works on paper or board, with areas of impasto or thin wash. However, she still paints on the floor, as if, in her own words, the painting is a play-pen with everything to hand in which she is free to manipulate the toys of her imagination. This method of working has implications for the organisation of the paintings, as it encourages the development of narrative with one incident suggesting another in a series of linked excursions across the canvas, untrammelled by a dominant pictorial schema. Pictorial space is no longer divided into compartments or narrative bands as in the older *Opera* and 1984 series, but activities are orchestrated within a more fluid and indeterminate space. In "On the Beach" and "Girls in Sunglasses" the action happens within an almost coherent pictorial plane, unlike the crowded vertical perspective of the upright canvases. "On the Beach" is full of watery, upended turtles, waving crabs and picnic lunches; a central figure disrobes in front of an elderly duck with a cigarette holder while an engrossed lady-bird voraciously bites one nipple.

The new canvases, bowever, full of quotations, inventions and an almost orgiastic sense of celebration, rather lack the significant element which has made Rego's work so novel: the cruel and satiric factor that makes one question uneasily her carefully controlled anarchy and sophisticated primitivism of touch. One needs to smell the sulphur whiff of the disruptive to shrink from the cutting edge of the play-pen.

Fassbaender/Wigmore Hall

David Murray

Filling in for the indisposed Lucia Popp, Brigitte Fassbaender offered an all-Schumann recital on Saturday with the pianist Norman Shetler. It did not sound like filling in. Her programme comprised the "Maria Stuart" songs, *Frauenliebe und-leben* and *Dichterliebe*, and each cycle got a memorable dramatic performance. Not that the "Maria Stuart" songs really amount to a cycle; but with Miss Fassbaender that was the effect they made.

On the concert platform, her vital concern for dramatic truth, and musical sense alike is all but unique. She doesn't gesture much, nor impersonate, and yet for the duration of every cycle sha *was* the character, and each successive song was a new chapter in a personal history. She achieves that by seizing upon the musical nodes of her songs, not by adding effects—she convinces us that the point of *this* chord just here must be precisely what she made it, that Schumann had designad it so. Such searching treatment was what made the "Maria Stuart" songs—late Schumann, easy to patronise as sincere but rather grey—a revelation.

With that kind of insight into the untapped possibilities of Schumann's music, Fassbaander could sustain a level of passion and high tragedy unheard-of in these songs. (I am not forgetting the sainted Miss Seefried.) The densely expressive Fassbaender timbre was part of it, of course; the instrument has always been beautiful, and a certain surface-roughness now suggests not a vocal decline—except in terms of conservatoire-smoothness—but a perfected fit of voice to husky *persona*.

The Fassbaender sound is probably too fraught with mature feeling to be ideal for the whole *Frauenliebe* cycle: tha intimate intensity of the first song and of "Du Ring an meinem Finger" was wonderful, but radiant innocence—not something one can contrive—is what "Ich kann's nicht fassen" and "Helft mir, Ihr Schwestern" need. That was a minor loss, in a performance of such piercing candour. Mr Shetler made a distinguished partner, despite having an evening studded with small accidents (fingerslips in exposed places, lapses in carrying a tune forward, some over-hefty accompanying): I think of his penetrating account of the last song (but not the postlude(, and a wealth of fresh idea in *Dichterliebe*.

Fassbaender is one of the rare mezzos bold enough to tackle *Dichterliebe*, a young man's cycla par excellence. (Should we start calling her a contralto? — she opted for the lower - lying alternatives throughout.) It was a joy to hear ber in it live, after her recent recording with an infinitely less sympathetic pianist. She made it a rich experience, savouring Heine'a ironies as acutely as sba judged tha subtlest details of Schnmann's settings.

Robin Holloway/Albert Hall

Dominic Gill

The challenge which Robin Holloway set himself in his new viola concerto — a BBC commission given its first performance by Rivka Golani and the BBC Scottish Symphony Orchestra under Vernon Handley at Saturday's Prom — was "to belp this gentle creature establish its own voice and character, by providing a sympathetic setting in which it could sing forth with confidence."

This sympathetic setting, certainly, Holloway provides with notable success. The idiom is romantic, and basically triadic and tonal—fertile ground in which to permit the usually dark-veiled sonorities of the viola to blossom into light and lyrical colour, as well as to offer "a definite basis for tha listener's recognition and pleasure" (a recurring Holloway theme whose implications and arguments can safely be set aside for the purpose of this review). The orchestration is cunning, never overwhelming but only reinforcing, and casting into vivid relief, the soloist's characteristic timbres. The viola is for once no longer shadowy accompanist but gentle, triumphant protagonist of the drama.

There are four movements, together ahout 25 minutes long, unified by a collection of recurring motifs and Ideas which sustain an easily perceivable lyrical thread. A brief, swirling agitation leads directly into tha soloist's first appearance, in which the proposition of the whole concerto is contained—a rich, angular malody straining upwards towards smoothness and lyrical ease. Thare are shadows everywhere—or resonances rather—of Berg and Bartók. The Bartókian resonance is so powerful in the first two movements that one assumes Bartók's violin concerto to have been quite consciously invoked: the manner is sometimes almost that of a commentary on the concerto, on another scale, and in another lighter, delicately-feathered dimension.

The slow movement melody aspires to, and almost succeeds in achieving, the status of original Bartókian folk tune, before It takes off into the Straussian deliciousness of the finale—a gentle, embracing assumption of Its new-found role. A beautiful performance by Rivka Golani, wbo drew from her instrument in the higher registers an uncommonly violin-like sparkle. Deft, careful partnership from the BBC Scottish orchestra nnder Handley.

★

Tha American conductor Dennis Russell Davies, who is Music Director of the Stuttgart Opera and who made bis debnt at tha Proms two years ago, is an increasingly frequent—and welcome—visitor to our concert balls. Last week he directed the BBC Sympbony Orchestra in two outstanding Proms. Tha second, on Friday, was framed by the little Mozart symphony in G major K318, given with exactly the right blend of buoyant energy and bumour, and Mendelssohn's complete incidental music to *A Midsummer Night's Dream* — in which last especially he coaxed from the BBC orchestra their hrightest and most responsive form.

Alfred Brendel was the soloist in the evening's centrepiece, Mozart's D minor plano concerto K466. His sharp, very slightly breathless delivery of the opening movement was characteristic: odd, arresting mixture of command and unease. On tha face of it, his playing of the Romance was sublimely straightforward, simple, elegant: the little coy moues which are indivisible from Brendel's expressive manner one either finds enchanting or distracting according to taste—thoogh I definitely didn't lika the bouncy semi-staccatos of the central section (cogently argued as the case for them would surely be). The finala was splendld, every note etched with vcry fast keydescent, crisp and dry, beautifully shaded.

Ono Gagaku Kai/Albert Hall

David Murray

The Ono Gagaku Kai is a specialist Japanese band, founded almost a century ago to maintain the Imperial Court music which is called Gagaku. At Sunday's Prom they performed only music in the Togaku tradition, Chinese-derived, including a modern commission from tha composer Maki Ishii (a aometime student of Boris Blacher). They appeared in resplendent robes and pantaloons and gauzy bonnets, moving severely according to prescribed forms.

All their music was alow, seemingly simple, more than a little hermetic. The Gagaku sound is ancient and haunting, and so—upon the familiarity that the huilt-in repetitions ensure—are the long, keening tunes. The instrumental hasis is fixed: melody is carried by bamboo flutes and oboes (*ryutaki* and *hichiriki*), melodic punctuation supplied by lute and zither (*biwa* and *koto*), and a sustained cluster-chord background—an unforgettable effect, like consolation from tutelary wind-spirits—by month-organs shaped like miniscule cathedrals. There is no clangour of gongs; wbat looked like one proved to be a hanging wooden drum, and the only other percussion is a bronze *shoko* that makes a dry click.

So far as pitch is concerned, Gagaku music is of course folk-modal, not to be aligned with Western scales. Notes are hent expressively, with a lot of sliding portamento; a flattened supertonic is prominent (perhaps only in Togaku?) Harmony, in our sense, doesn't figure, hut each of the longer traditional pieces blossomed into a sort of two-part counterpoint as *ryuteki* and *hichiriki* took the tuna in their separate ways, stretching and dividing it. There is no "development" in our sense either, but those pieces—excluding the ritual prelude and postlude—each rose (with a slight increase in tempo, exciting in context) to a sonorous peroration.

The constrainis of the style are evidently rigorous. Ishii's modern contribution to their repertoire, *Shi-kyo*, sounded entirely of a piece with the rest but for tha absence of a strict beat, and a few *pointilliste* touches toward the end. The dancers, stately and graceful (and all male), performed gentle evolutions. The dance of "indescribahle joy experienced by a snake-eating Barharian from the west of China upon discovering a snake" was just as decorous as the one called "Ran Ryoo," which enacts something that nobody, apparently, can remember. The mission to keep tha thing going is undeterred.

Vic Hoyland/ICA

Andrew Clements

As the opening concerts of this summer's MusICA were dominated by Walter Zimmerman, so its close has focused on the music of Vic Hoyland. Last month the Albany Brass gave the first performance of Hoyland's Brass Quintet at the ICA; a week ago Lontano's programme included his *Fox* and *Andacht zum Kleinen*. On Sunday the Arditti Quartet introduced another new work, commissioned by MusICA, Hoyland'a String Quartet, completed in July of this year.

Four years ago Hoyland (born 1945) wrote an aight-minute Quartet - Movement, a terse, thematically economical piece which impressed by its vivid invention and clean, well-proportioned lines. The Arditti played that movement before the new quartet, for Hoyland describes the new piece as "something of a full-blooded answer" to its predecessor. Where the Quartet-Movement was cast in four distinct sections, now there are four well-defined movements and a playing time that is almost doubled.

In the intervening period his music has gone from strength to strength, gaining palpably in range and assurance with every new score. The distance travelled can be heard in tha two quartets, for where the first is tightly buttoned, tending to close in on itself, the 1985 String Quartet allows a measure of relaxation and contemplation, despita all its intensity and unyielding busyness. Three of the movements begin with the same tremolando-ridden gesture, and their textures are permeated with tremolandos and fierce attacks, but the third unexpectedly opens out into a *Calmo* slow movement, setting a limpid violin line against minimal punctuation from the rest of the quartet. It is rapt, very beautiful music, a most striking image; the whole quartet indeed is deeply impressive.

Hoyland's high specific gravity was teasingly contrasted in the MusICA programme with another example of Morton Feldman's recent marmoreal style, the 45-minute Clarinet and String Quartet (1983), and with Gerald Barry's *Cork* for string quartet. Barry is a MusICA regular and the new piece, alternating passages in artificial harmonics with Anglo-Irish pastoralism and Bartókian assertiveness, kindled some of the same freshness found in the music-theatre pieces staged in earlier series. The opera he is writing for the ICA, *The Intelligence Park*, promises to he engaging and quite unpredictable.

Arts Guide

Sept 6–12

Opera and Ballet

WEST GERMANY

Frankfurt, Opera: This week starts with Aida, produced by Hans Neuenfels. It has Awilda Verdejo in the title role. Der Zigeunerbaron returns with Michael Luig conducting. Eugen Onegin has William Workman in the title role for the first time. (25821).

Berlin, Deutsche Oper: Aida, sung in Italian, features Julia Varady and Nicola Martinucci. La Bohème is steered to triumph by Pilar Lorengar and Giacomo Aragall as leads. Der Fliegende Holländer is well cast with Janis Martin and Martti Talvela. (3431).

Cologne, Opera: The season opens with a Jessye Norman lieder recital, accompanied by Richard Nunn. The programme includes Handel, Brahms, Strauss and Ravel. (Thur). (20761).

Frankfurt, Alte Oper: Frankfurt Festival offers a new composition, the Sankt Bach Passion, by Mauricio Kagel. The Rias Kammerchor, Sudfunk-Chor und the Limburger Domsingknaben will be conducted by the composer. Soloists are Anne Sofie von Otter, Hans Peter Blochwitz, Roland Hermann, Peter Roggisch and Gerd Zacher. (Wed). (25821).

VIENNA

Staatsoper: La Bohème conducted by Mund; Lohengrin conducted by Stein with Gessendorf, Leonie Rysanek, Vogel, Jerusalem; Turandot conducted by Kulka with Marton, Ricciarelli, Ciannella; Cavalleria Rusticana and Pagliacci conducted by Fischer; Raymonda by Glazunov and Nurejev conducted by Schirmer; Cosi Fan Tutte conducted by Kout with Coburn, Daniel, Watson. (5324/2655).

Volksoper: Millöcker's Der Bettelstudent; Lehar's Das Land Des Lachelns; Strauss' Vienna Blood; Lortzing'a Der Wildschütz. (5324/2657).

NEW YORK

New York City Opera (NY State): The week features a series of five performances of The Merry Widow with Leigh Munro and Claudia Cummings sharing the role of Sonia conducted by Imre Pallo in Ronald Bentley's production last seen in 1983. Other performances include Manon, conducted by Jose Serebrier, in Tito Capobianco's production last seen in 1980, and The Mikado. Lincoln Center (8705500).

American Ballet Theatre (Metropolitan Opera House): Mixed programmes including Giselle and Romeo and Juliet in a short season teeser. Ends Sept 15. Lincoln Center (3626000).

TOKYO

Balinese Dance and Gamelan: The renowed Peliatan troupe, subject of literature and film, influential in the dramatic theories of Antonin Artaud who saw them in Paris in 1931. Led by their founder Anak Agung Gede Manders, now aged 80, this is the first Japan tour of the famed ensemble. The programme includes the most famous Balinese dances: Legong, Baris, Barong, Kecak. National Theatre. (Mon, Tue). (5800031).

La Vie Parisienne/Theatre Royal, Glasgow

Rodney Milnes

There are many good things in Scottisb Opera'a new production of *La Vie Parisienne*, and one of the best is John Well's translation which sets new, high and long overdoe standards in this field. Maybe it is a plty that be bas to translate some of the characters' names — Poppy Teane for Métella, Little Willie for Bobinet, and it would take too long to explain the multi-language pun whereby Baron Gondremarck becomes Count Soerkelpahr — but it is good to be reminded that Parisian audiences would bave been sniggering cheerfully even before the curtain rose. Throughont, Meilhac's and Halévy's hideous donble-entendres are wittily reproduced — verbally this is an evening of highly literate, deftly anglicised, healthy French smut.

The music is safe in tha hands of Sir Alexander Gibson, who knows well the secret of Offenbachian Bacchanalia lies as mucb in bolding back as in rushing on: his reading is suavely shaped and nicely controlled, and once first-night nerves are conqnered his chorus will doubtless follow suit. Vocally there are minor problems in that the piece was written for actors rather than singers, and some of tha cast spend more tima singing than putting tbeir numbers across: words must take preference over notes in case of conflict.

But many catch just the rigbt balance, none more so than Alan Opie, bis vowels hilariously distorted io a dead-pan comedy performance as the Swedish Soerkelpahr, Alan Oke as a dapper Little Willie, Kate Flowers enchanting in Gabrielle's three hit numbers, and Elaine MacKillop (Pauline) with ber impeccably timed switches from "refrained" English to broad Scots.

Kate Flowers and Eduardo Alvares

The most extraordinary piece of casting is that of the Brazilian heroic tenor Eduardo Alvares, hitherto knowu as Maurico, Calaf and Radames; here be takes the comedy role of the Brazilian (naturally), Frick (an insane Harpo Marxist bootfetishist) and Horace, the grandly camp Major Domo. Ha looked almost as surprised as the audience at his wida rangs of comic gifts and funny foreign accents—a most endearing performance.

Thera are two major irritations in Graham Vick's geoerally lively prodnction. While Mr Opie plays Soerkelpahr straight, the practical jokes to which he is victim are wildly overplayed: the character he presents would never fall for them, and too many acid class and foreigner gags are suhmerged.

And Mr Vick has, alas, been reading bistory books, which mesns that Richard Hudson's permaneot set shows a Paris slum with a gilt false proscenium up-stage whence Offenbach's operetta erupts. Overture and opening scene are accompanied by pimps, tarts and beggars as picturesquely unreal as the performance they signally fail to upstage, and their progressively infrequent participation spotlights tha threadhare quality of Mr Vick's concelt. There is enough sharp social satire in the piece (on which be would have done well to concentrate) without the addition of the sort of O-level sociology best left to programme notes. Mr Vick also undermines tha talented Anne-Marie Owens, precariously cast as Poppy Teane, by making her deliver ber fourth-act Rondo as a sort of Brecht-Weill torch song—an episode of profound embarrassment.

Saleroom/Antony Thorncroft

Medieval manuscripts

The world's paleographers will he gathering in London later this month, and to brighten their trip Sotheby's is bolding an exhibition of illuminated manuscripts, from September 20-27. They come from the largest, and finest, private collection of medieval manuscripts in existence, known as tha "Comites Latentes" or "Hidden Friends" collection, which is normally kept at Geneva University. Sotheby's is host to the show because all the manuscripts have been bought there in the past 20 years.

They range in date from the 9th to the 16th centuries, and, as well as the pleasure of gazing at thesa miniature representations of medieval life represented in the hand painted illustrations, there is an informed catalogue by Dr Christopher de Hamel of Sotheby's which dwells on the idiosyncracies of collectors of such manuscripts over the yeers.

Manuscripts hava always been collected by tha richest men of their age (appropriately the current record price for a work of art at auction is the £8.14m paid last year for the 12th century Gospels of Henry the Lion at Sotheby's) and tha commentary by de Hamel paints a graphic picture of the 15th century upper and aspiring classes visiting the bookseller/publishers, collected on the Rue Neuve-Notre-Dame in Paris, or by tha north door of Rouen Cathedral, and ordering their own personalised Book of Hours, or buying a second hand copy. The bookseller would call on a professional scribe to provide the text and an illuminator the pictures.

The catalogue gives a fascinating insight of how mankind gained in confidence in the Middle Ages. In the earliest Books of Hours the original owner is often depicted in supplication outside the frames of the holy miniatures; by the end the owner has dispensed with the Saints altogether and is portrayed, full page, reading the Book in a private Chapel.

The exhibition races through collectors, from the Medici of Florence, through tha 19th century rich — the Devonshires and Rothschilds—to eccentrics like Sir Thomas Phillips, the biggest "vellomaniac," as ba called himself, of all time. All in all the display is an attractive antidota to tha illuminated manuscripts on permanent display in the British Library.

In complete contrast Phillips is celebrating the 50th anniversary of Penguin Books by holding an auction on October 24 of its paperbacks. It is in two parts. The first consists of "investment" Penguins, including the collection of over 2,000 Penguin first editions, covering most of tha first 21 years of the company, acquired by a London businessman. Tha second is signed editions of more recent Penguins.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Company doctor

To the rescue in France

Paul Betts on a Briton's venture in corporate revival

IT IS surprising how many good business ideas are discovered almost by accident.

For what *John Willis, 44, and* his partners, started as an investment consultancy in France has developed into a thriving small business as a "company doctor." This has involved taking management control of British-owned enterprises which have lost their way in France and restoring them to profitability.

A frequent cause of disaster, *he has discovered, is the failure* of British management to understand the complexity of French business practices.

Instead of simply acting as a management consultant to companies with problems, Willis actually takes over the running of a company for a period, reorganising its management, firing and hiring people, establishing a product and marketing strategy and negotiating with banks. He usually stays as long as it takes to get the company back on its feet.

"In England this is known as company doctoring. But here in France it has so far not existed, especially for foreign-based companies which face difficulties because of the large difference in attitudes and mentalities about business," he says. "There are lots of management consultants in France. But it is much more difficult to find someone not only prepared to give advice but who is actually prepared to execute it."

Willis, a former computer marketing executive who has lived in France for 20 years, specialises in helping UK businesses or subsidiaries in France. After working for a variety of major international companies including British Aircraft Corporation, Sperry Univac, Raytheon, and Compagnies Internationale pour L'Informatique (CII) before its merger with Honeywell-Bull, he started his company doctoring business in an investment consultancy partnership called Michael Rule, with two other accountant — both English. Willis then branched out with his own company, Rule Conseil.

At first he joined the partnership to manage overseas funds and investments for UK investors. The company doctoring began when he was asked by an investor to look into a nudist village near Perpignan in the south of France that had

John Willis: executes advice

gone wrong.

Aphrodite Village was founded in 1975 with the aim of selling 550 apartments, but two years later, the promoters had managed to sell only 30 flats, says Willis. "It was not a professionally run business. Although I knew nothing about real estate, I analysed the problem and recruited professionals to run the business. Two years later (by 1979) we were selling 80 to 100 apartments a year." Despite the *severe recession which has hit* the French property and building business, the nudist village is continuing to keep its head just above water.

Willis's second big venture was to sort out the problems of a loss-making English language teaching school in Paris. "The company had never been run on a commercial basis. They seemed to have got the idea that teaching English was a charitable activity for the greater good of the British and of the foreigners." Willis managed the company for a couple of years and returned it to profit.

He is now working on an industrial venture involving a medium-sized French bottletop manufacturer called Etablissements Remy. The company was owned by a British concern called Scoteros which had gone into liquidation. Remy was then taken over by a UK mouldings maker, Robert Moss.

Willis negotiated the acquisition of the company from the receivers, took a direct 10 per cent stake in Remy and became chief executive of the new French subsidiary of Robert Moss. His job there has been a classic *restructuring operation* involving layoffs, negotiations with banks to improve the balance sheet, and the launching of a recovery strategy to develop new products and make the company profitable. He has negotiated with the French industrial development institute (IDI) to take a stake in the business and inject fresh funds. To *expand the company's product* base, he has arranged the acquisition of a small specialist maker of bottle caps and tops for pharmaceutical use.

Foreign investors or UK based companies owning small French subsidiaries find it difficult to get to grips with the French way of doing business, claims Willis.

"Another typical characteristic of business in France is the mounds of paper work you have to go through." Procedures on hiring and firing are complex, as are the work contract or collective agreement formalities. For many UK companies, French accounting rules are also a nightmare, as is the fact that even the smallest concerns usually have to deal not with one bank but *often with five or six.* Willis also has had to become a specialist in French bankruptcy law and to develop special skills in exchange control regulations. "These have been relaxed but they are still there," he warns.

As an example of what not to do in France, Willis cites the case of a UK investor who wanted to install fruit machines at the *Calais Hoverport in* the same way as there are fruit machines on the other side of the Channel. "I told him it was an excellent idea but that he was crazy and that it would never work without setting out formal written agreements." The Calais local authorities however gave him a verbal agreement that could set up his fruit machine business at *the Hoverport. "But when the* time came to install the machines, he was told to take them back. You simply don't trust verbal agreement in France. This is a country where paper work comes out of your ears and you can't hope to do business without going through the hard grind of the formalities."

YOU WOULD think that to say, "I don't want to be involved in the day-to-day; I want to be the business development manager," would sound the death knell for an aspiring entrepreneur trying to wring money out of a couple of potential investors. After all, entrepreneurs aren't supposed to sit back and watch. They're supposed to be willing to sweat out the nitty-gritty day and night.

But at Cranfield School of Management this remark by student Stephen Farrow was seen in a positive light by the three real-world executives judging his proposal for a health and country club. It wasn't that Farrow lacked commitment, the judges reasoned. It was rather that he wisely recognised a limitation of his own that could potentially hold *his business* back.

"He's not the kind of guy to wander around at night and slap the members on the back," said Stephen David of investors David Garrick in London. "He knows he needs help with that." Farrow had explained that he planned to hire a club manager to handle the operation and perhaps even live at the club, but that he himself did not intend even to move from his West London home closer to the proposed site in Surrey.

Instead, commitment shone through in the £50,000 of his own money — "stretching as far as I can" — that Farrow was willing to plough into the venture. Another big plus for the 32-year-old was his experience in managing failed companies for the receivership department of a large London firm of accountants. The judges felt that he grasped the basic financial elements of his proposal well.

Farrow was one of 16 students presenting proposals at the end of last month as part of the Entrepreneurship and New Ventures Option within Cranfield's 13-month Master of

Entrepreneurship

The Cranfield springboard

Jane Rippeteau reports on the diverse proposals to emerge on a leading UK management school's MBA programme

Business Administration course. The number of students selecting the option has tripled in five years to two-thirds of the student body, according to Professor Malcolm Harper, who runs the programme and helped create it about ten years ago. Ninety of this year's 155 students signed up, he says. "From that group," he adds, "about two dozen say 'Yes, I want to start a business.' Some get out. It's not for everyone."

A handful of past graduates has indeed succeeded with ventures conceived at the school. Their businesses include Connectair at Gatwick, a freight and passenger airline set up by an ex-British Airways pilot, the Moonraker Aviation crop spraying company based in Wiltshire, and Homeline, a computerised estate agency created and then profitably sold by a former practising civil engineer, Anthony Pearce.

The school, hoping to tap that experience, has invited Pearce back five years in a row to act as a judge. A key feature of the programme is that students have access to such outside professionals and can use them to get leads on venture capital sources as well as specific guidance on how to refine their deals. Clearly, the students to make it to the presentation stage this year were looking for a lot more than a grade.

Anthony Fraser, for instance, was taken to task by judges who were appalled that he planned to give up a majority stake in his company in order to attract an investor. They were further disenchanted when they found Fraser was going into marketing at Procter & Gamble and would run the proposed company only on the side.

But Fraser, a 26-year-old with a strong voice and an army career that has included service in the Falklands, was not cowed. He used the opportunity to tap his judges for expert advice on how the company — which would develop and then sell a tobacco farm in Zimbabwe where Fraser had been born—should be structured. And he pressed them for further details during the pre-lunch drinks following the morning presentations.

Some students at that social session began shopping around for cash. Judges, some of whom are in a position to offer some, were handing out business cards and pointing the eager towards Business Expansion Scheme officers and Over-the-Counter traders.

Other graduates pressed for details of judges' complaints. "They asked questions that got me thinking," said Tim Bristow, who wants to buy and revamp a brick-making company. One of his judges, Brian Warnes, *managing director of Midland* Bank Venture Capital, explained: "Bristow knew that bricks are a commodity product and realised that he had to develop speciality ones, but he couldn't explain why—that those are the ones with the higher margin."

Overall, the judges' complaints about the entries centred on the key areas of people, relevant experience, cash management and marketing. One proposal for a wine bar bistro was "perfect," recalls Warnes, "except we found the proposer was an accountant who'd never been near a restaurant."

One of the weaknesses of Farrow's proposal was a seeming lack of knowledge of where the cash to run his country club would come from. He had researched his market and set up a membership price structure but, the judges concluded, he had made far too little provision for promoting the club to ensure that people would actually step up and pay. "We have to mark that down for too little selling," said Jock Bleckadder of the British Technology Group's small company division. Added Pearce, now director of Homex, another company he has started: "There are two things which are vital. One is the understanding of cash management, and the other is marketing in the real world—what Brits have always been bad at, attracting buyers on the street."

In the end, the judges were most impressed with 33-year-old Roger Colwill, who won the day's £250 award donated by Venture Report, the Bristol publisher of a journal designed to marry entrepreneurs with capital. Colwill had quit his job as financial director of a small manufacturing company, rented out his house, moved his family and invested some £12,500 (£1,500 tuition, plus costs) to attend Cranfield and hopefully realise his dream for The Car Clinic, a chain of top-of-the-line auto service and repair shops.

Colwill apparently pushed the right buttons. With a pilot operation involving his mechanic father to draw from, Colwill clearly had first-hand experience in the business. He intended to pay a premium for top-flight mechanics, and indeed believed that an inability to find and hire them would jeopardise the success of his venture. He believed that a steady flow of cash for running the business would come from customers paying in cash on the spot, without large amounts diverted to an inventory. And he had thought about marketing.

"That part was very, very simple," he says. "We just did some. The normal repair service and garage trade in this country doesn't do any. We just told people we would provide excellent service in a clinical surrounding and they came." Colwill plans to borrow £30,000 to supplement his own £20,000 in savings to set up the first unit, and build up to 10 units over three or four years.

Whether he or the others will succeed is yet to be seen. But perhaps the most telling sign of whether or not these people are entrepreneurs is that everyone asked—whether with high score or low—said they planned to go ahead with their venture. Jo Kirk wants to raise £50,000 for a country clothes business. But if she can't, she says: "I'll go ahead anyway with my own money."

In brief...

ABERDEEN Enterprise Trust has launched the Aberdeen Enterprise Venture Forum, a service aimed at introducing entrepreneurs looking for financial backing to investors seeking outlets for the capital.

It is the first of its kind in *Scotland and the fourth in the* UK. Investments of between £5,000 and £50,000 are the target. Says John Freebairn, director of the Trust: "Many of the business ideas which have been brought to us have been basically sound but unable to attract conventional bank finance because of negligible investment by the owner."

It is felt that traditional sources of finance, venture capitalists and fund managers, tend not to be interested in small investments, while government funds, local and national, are tied to priority areas.

In discussions leading up to establishing the forum, it *was felt people working* offshore who had accumulated significant savings might be interested in putting money into a business, perhaps with a view to eventual full-time involvement.

For further information: John Freebairn or Graham Nye, Aberdeen Enterprise Trust, Aberdeen Business Centre, Willowbank House, Willowbank Road, Aberdeen AB1 2YG.

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THE Co-operative Development Agency is arranging training in business skills in the UK for co-operative development workers and members of co-operatives. Courses are both full-time residential and part-time on a regional basis. The full training package has to be of a minimum 100 hours duration (including project work) to meet criteria laid down by the European Social Fund, which is partly financing the programme. The training is aimed primarily at previously unemployed newcomers to the co-operative scene.

At the same time, the agency has just published a booklet to help budding co-operative entrepreneurs starting up co-operatives. The booklet explains how to assess the need for finance and gives examples of a revenue budget, a balance sheet budget and a cash flow forecast.

Written by Tony Marris, of the Co-operative Wholesale Society, and author of "Accountants' Digest No 163" which introduced accountants to co-operatives, the booklet is available, price £1.50, from the Co-operative Development Agency, Broadmead House, 21 Panton Street, London SW1Y 4DR.

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THE rate at which businesses are starting up in the UK is steadily increasing, according to the latest figures from the Department of Trade and Industry.

The number of new companies registered in June rose to 9,273 from 8,302 in June 1984. The figures do not include unlimited companies or companies limited by guarantee. Just over 54,000 companies were registered in the six months to June, up from 48,867 in the first six months of last year.

CANADIAN NEWSPAPERS

Southam raises wider issues

By Derek Coomber, recently in Toronto

TWO months ago, advertisements appeared in Canadian daily newspapers to urge shareholders in Southam, Canada's second-largest newspaper group, to give full support to board proposals designed to prevent the possibility of a hostile takeover bid.

Since then, the company has given itself breathing space by winning shareholders' agreement to diluted anti-takeover proposals and by arranging a share swap with Torstar, another leading publisher.

However, analysts question whether Southam's shark-repellent measures will prevent a takeover. Whatever happens, the saga has already provided a re-opening of the debate about the concentration of Canadian media ownership, especially among its daily newspaper groups.

Only two years ago, Southam and Thomson Newspapers, the other heavyweight newspaper chain in Canada, had been accused (and later acquitted) of conspiracy to reduce competition between them.

The verdict was not contested by the federal government of the day, that of M Pierre Trudeau, although that seemed inconsistent, given the earlier action by that administration in having appointed a Royal Commission (known as the Kent Commission) to examine the sharp reduction in the number of newspapers in 1980. The two groups had brought about a *rationalisation of newspaper* titles in various main cities of Canada.

Even more surprising, considering that the Kent report had pointed to finding of a previous investigation, in 1970, by the Davy committee, which had warned about the dangers of concentration of newspaper ownership, was M Trudeau's lack of implementation of Kent's recommendations in 1981. They were supported by seven volumes of research.

Now that there is a lack of competition—created by the pigeon-holing of Kent, the Southam/Thompson acquittal and *the continued silence of* Mr Brian Mulroney's present Progressive Conservative government on *media issues*—editors, commentators and journalists are starting to voice concern over further possible corporate encroachments on press freedom and choice of newspaper.

Their main worry is that even the Southam chain—with 15 daily papers across Canada, including monopoly in three cities, a book store chain and a big stake in a television and broadcasting corporation among its C$716.5b (£528m) assets—could be swallowed by a conglomerate.

Visions of asset-stripping and swingeing cuts in budgets, to squeeze the last cent of profit out of the independent Southam group or some other vulnerable publishing operation, haunt the worriers. *There is a feeling that* Mr Mulrooney's administration will do very little, if anything, *to stand in the way of any cor-*

poration that wants to buy Southam.

Commentators' concern was underlined last month when the Canadian Radio-Television and Telecommunications Commission gave CHUM, a broadcasting company, permission to add two Montreal and two Windsor, Ontario stations to its 13 radio *stations* and *six television* stations. The CRTC was seen as taking its cue from the government's hardline approach to the Canadian Broadcasting Corporation, the State-owned network. It enforced reductions in budgets and staff, while encouraging a more generous and free-wheeling approach to the private sector.

A few weeks before the CHUM *decision, the CRTC had been* called te referee another broadcasting takeover, when Standard *Broadcasting*, which has a substantial stake in Capital Radio in London, was taken *over by Slaight Communications*, after a bid battle with the television station-owners, Selkirk *Communications*.

Standard Broadcasting was virtually controlled by Hollinger Argus, a Conrad Black company, through a 49 per cent stake. Mr Black, a multi-millionaire with interests in oil, supermarkets and a small newspaper chain in British Columbia, *also holds a 14 per cent* stake in the Daily Telegraph in Britain.

Given such convoluted ownership in Canadian media and a generally open business climate in a rapidly recovering Canadian economy, it is no surprise *that concern over protection of* the country's newspapers has re-emerged.

The Kent *commission found* that chain-owned newspapers had jumped from 58 per cent *of the national total in 1970 to* 77 per cent in 1980. Daily papers which ceased publication during that period included the Toronto Telegram, Montreal Star, Ottawa Journal, L'Action, Montreal Matin and Winnipeg Tribune. New daily papers had been started in Montreal, Ottawa, Kitchener-Waterloo and Vancouver, but had not *survived, said the report.*

Despite tha failures, and partly because of the greater *success of morning rather than* evening newspapers, new tabloids, such as the Toronto Sun and the Quebecois, had sprung up to capture 98 per cent of the circulation lost by the papers which had died between 1970 and the end of 1980.

However, the number of Canadian cities with two or more competing dailies had *dropped from 10 to eight and* in the 11 cities which had more than one daily, the number of newspapers *had dropped from* 26 to 22, added Kent. Part of this had been brought about *by Thomson Newspapers having* acquired the FP paper group in January 1980 and, after doing a deal with Southam, having abruptly shut the Ottawa Journal in August 1980. Part of the agreement also closed the Winnipeg Tribune and gave Southam both Vancouver dailies.

It was this agreement which led to the Kent commission *being appointed*, because the Government had begun to fear for the power of democracy in a *climate of newspaper horse-trading*, says Mr Peter Debarats, a commission member. The commission found considerable public concern over the near-monopoly which had been allowed to develop in most cities, apart from Toronto, during the late 1970s and the start of the 1980s, but views tended to be personal. For instance, Winnipeg people whose *papers had continued publication* were not overly concerned about others having lost.

Three French-oriented chains *controlled nine-tenths of French* dailies in Canada and two-thirds of the English dailies were controlled by three other chains, so the commission startled few by finding that the old head-to-head competition between dailies had disappeared.

Such concentration of ownership has repercussions for the 54 per cent of Canadians who, according to a sample by the commission, felt that their newspaper was part of their daily life. But apart from recommending that Southam sell its 30 per cent stake in Selkirk Communications, which recently bid for Standard Broadcasting, and asking for Government measures to prevent further concentration, Kent urged no definite strategy to reverse the trend.

Mr Debarats is a former daily paper and television journalist, now dean of the graduate journalism school at Western Ontario University.

He says: "Nothing has changed since the Kent report. The monopoly chain newspaper is here to stay in Canada." But he said the freedom of the press, and citizens' access to it, will attract more public attention because the Canadian *Charter of Rights and Freedoms* had become law this year.

On Southam, Mr Debarats was concerned that the company's anti-takeover measures might be insufficient to repel a stealthy corporation. "I think Southam should be protected from any sort of takeover by parliament," he said. Mr Debarats said he favoured a moratorium or something, until the impact of this matter is looked at very carefully."

Analysts say the attractions of Southam to a bidder are obvious. The group had the largest circulation of newspapers across Canada last year (although Thomson has more titles and more than triple Southam's profits), has valuable real estate and could have tighter budgets. Income last year was C$1.08bn, profit C$44.6m.

CHINA'S CAR INDUSTRY

In search of ways out of the bicycle age

By Paul Lienert

CHINA is on the threshold of another revolution—but it is not readily apparent to first-time visitors arriving in Beijing.

On the drive into this city of 9m, you will pass new Japanese cars, ageing Mercedes saloons, local Shanghai-brand cars, faded turquoise buses of 1950s vintage, odd-looking three-wheeled minitrucks, olive-drab motorcycles with rickety sidecars, ancient tractors, single-sped bicycles and horse-drawn carts—literally a panorama on the development of automotive transport in this century.

As China emerges from years of isolation, the country's pragmatic leadership now seems eager to acquire modern technology and encourage foreign investment to spur economic and industrial growth.

China's motivation in its recent modernisation drive is different from that of its Asian neighbours. While Japanese and Korean automakers have mounted a major export push, China's still-primitive auto industry has not even begun to meet the growing domestic demand for motorcars. Although few private citizens can afford to buy a car—the Shanghai saloon costs about L6,500 whereas per-capita income is less than L150 a year—the thousands of new commercial enterprises now sanctioned by the state are clamouring for vehicles.

To fill the gap, U.S. and European automakers are scrambling for a foothold in what is potentially the alrgest new-car market in the world. Some manufacturers view their prospective partnerships in China as a short-term source of profits, others as a low-cost source of auto parts and ultimately vehicle production for their home market.

Despite labour rates that are well below those elsewhere in the Asia-Pacific region (the average Chinese autoworker earns 45 pence an hour), China will not pose a threat to Europlan or American jobs for some years — not as long as its domestic market remains largely unfilled.

China's one billion-plus consumers are a powerful lure to Western car makers. Chrysler Chairman Lee Iacocca says he plans to visit China this autumn, following in the footsteps of Henry Ford II and former General Motors chairman Thomas Murphy, who discussed possible cooperative ventures with China in the late 1970s. Ford Vice-President Lindsey Halstead, head of the company's Asia-Pacific operations, met Chinese leaders in Beijing in early August, reportedly to open talks on similar ventures.

American Motors, established the first U.S. automotive joint venture with the Chinese in 1983, acquiring for L11.5m in cash and technology a 31 per cent share of the Beijing Jeep Corp. The partners plan to begin assembling the Jeep Cherokee this autumn, alongside a local model called the BJ212 (developed from an old Soviet design) that has been in production since the mid 1960s.

Volkswagen last year inked a joint-venture pact with the Shanghai Automobile & Tractor Industry Corp, for local assembly of VW engines and Santana cars. VW plans to invest more than L50m in the venture, by far the largest undertaking of its kind between any Western firm and the Chinese. VW chairman Carl Hahn says tha company expects to reach an annual capacity of 40,000 cars and 100,000 engines by 1987; the Chinese have even more ambitious targets, and say they plan to assemble e full range of VW and Audi models by 1990.

Automobiles Peugeot earlier this year agreed to a similar venture, but on a much smaller scale, with the local manufacturer in Guangzhou.

The joint venture will assemble several versions of the old 504, including an estate and a pickup truck, beginning in 1987, at an annual rate of 50,000 units.

Peugeot took more than five years to strike a bargain with the Chinese. The company's Citroen subsidiary reportedly dickered for many months with auto officials in Shanghai before losing a joint-venture contract to VW. The Chinese explained simply that the Germans offered newer technology and more capital.

One priority of such ventures as the AMC-Beijing and VW-Shanghai partnership is to revamp and improve the efficiency of China's ageing shops and factories.

But progress thus far has been slow.

According to Chinese Government statistics, there are only 150,000 cars on the road—about one car for every 7,000 people, compared with the 110m cars on American roads, or one for every two people.

Shanghai saloons, made with Volkswagen's help, on the production line

As China has struggled to develop and improve its roads, housing and factories, the country's more than 200 vehicle and parts manufacturers have concentrated on building commercial vehicles rather than passenger cars, which in recent years have accounted for less than 5 per cent of total production. Just ten years ago, truck production topped 130,000 while the country's entire passenger-car output was a mere 1,000 units.

Officials say the factories, most of which are controlled by regional committees reporting to the central government, are outdated and inefficient. Parts standardisation and quality control were virtually unknown at many of the assembly plants before the Government launched a massive drive four years ago to revamp the country's fragmented production system and centralise planning.

The China National Auto Industry Corp was established in Beijing in 1982 as a quasi-government agency to develop production and quality targets, monitor productivity and otherwise oversee most of the regional vehicle and parts producers. Its policy is one of steady, controlled growth for the industry.

Under CNAIC's administration last year, car production in China totalled a mere 8,000 units—about half a day's output at GM in the U.S.—while the optimistic 1985 forecast is 18,000 units (about 5 per cent of the total vehicle production target of 360,000). An even more ambitious goal is to reach annual antomobile production of more than 300,000 by 1990, while commercial vehicle production rises to around 600,000.

It appears that production methods at the Beijing Jeep plant, where workers still essentially hand-assemble vintage four-wheel-drive models, have not changed much since the Russian advisors walked out of the plant in 1960, shortly after Mao Zedong's disastrous "Great Leap Forward" plunged China into economic chaos. Automation is virtually unheard of; workers still wield hammers, mallets and screwdrivers, rather than automatic machinery, in most sections of the plant.

By Western standards, productivity is abysmal. Before AMC managers arrived in late 1983, about 10,000 workers assembled the same number of vehicles a year. Since then, the workforce has been slashed to 4,000, while production in 1984 doubled to about 20,000—still less than one-tenth the annual output of a typical U.S. assembly plant.

Assembly techniques at VW's joint-venture operation in Shanghai are only slightly more sophisticated than at the Beijing plant.

Now the centre of China's passenger-car industry, Shanghai is the heedquarters of state-owned Shanghai Automobile & Tractor Industries Corp, (SATIC), which produces a wide range of trucks, buses, tractors, motorcycles and automobiles.

The current model, which vaguely resembles an old Mercedes saloon, is still produced at the rate of 6,000 e year, but is scheduled to be replaced next year by the VW Santana.

The deal with Volkswagen, which recently took over management responsibility for the joint venture, is termed the largest joint venture in China's history. The pact calls for renovation of the present factory, construction of a new facility and eventual production of 300,000 cars and 500,000 engines a year by 1990.

VW is supplying SATIC with engines, transmissions, body panels and other parts from Germany, but the goal is to reach 80 per cent Chinese parts by 1990, according to Zhang. He says the factory hopes to prodnce 6,000 Santanas this year, up to 15,000 in 1986 and 30,000 by 1987.

The Santana, which sells for the equivalent of L9,200 in China, will be joined in production later by VW's Golf/Jetta models and the mid-sized Audi 100/5000 sedan.

China's recent move to ettract more foreign investment, through its so-called "open door" policy, has encouraged European and U.S. car makers, drawn by the potential of the vast Chinese market and the promise of low labour rates.

Chrysler Executive Vice-President Stephan Sharf this year has dispatched several trade missions to China, which has expressed interest in building Chrysler's 2.2-litre four-cylinder engine under licence, as well as some Chrysler commercial models.

Ford has maintained close relations with the Chinese, selling them small numbers of trucks from the U.S. and cars from Brazil and West Germany. Ford has even trained Chinese research engineers at its technical centre in Dearborn.

The country's 150m urban workers, for example, still earn only L200 a year on average (China's 800m peasants average about half that income).

That helps explain wby the bicycle, which costs about L40, is the most widely favoured means of transportation (there are 300m on the road, or one for every three people).

Private ownership of cars, with few exceptions, is still discouraged by the Communist regime, which emphasises public transportation (mainly buses and trolleys). And, although some citizens are just now being permitted to buy cars—a 60 per cent down payment and written approval from the local party chapter are required—there simply are not enough vehicles to go round, nor will there be for years to come. Imports are limited to less than 100,000 units a year; tha meagre domestic car output is snapped up by municipal taxi fleets, government agencies and other regional and local enterprises.

Chinese car executives, meanwhile, are aggressively pursuing potential foreign investors, particularly in the U.S.

Earlier this year, Detroit automakers hosted a Chinese delegation that inclnded top officials of the CNAIC. CNAIC officials met executives such as GM President F. James McDonald and Ford Chairman Donald Petersen to discuss China's needs.

Chen Zutao, CNAIC executive vice-president and chief engineer, was part the group that visited Detroit.

"We discussed some potential contracts with GM and Ford, mainly production of light trucks and major components like engines, axles and stampings. The U.S. has the most advanced technology in the world (but) the Big Three seem more interested in forming joint ventures than in licensing their technology. We offered them up to 80 per cent ownership in some Chinese ventures, but they seem to prefer a 50-50 split. They do not have enough confidence yet in the Chinese market."

Adds Chen: "China represents a very big market in the future. U.S. companies should be prepared to introduce their technology in China if they want to get a piece of that market."

Compared with U.S. eotomakers, the Japanese eppear reluctant so far to establish long-term business ventures in China.

Japan remains China's biggest trading partner, supplying e quarter of the country's imports. Trade between the two nations grew to more than $13bn last year; in comparison, U.S. trade with China in 1984 totalled $6bn.

Vehicle imports from Japan (mostly trucks and buses) have grown from 20,000 in 1982 to 90,000 last year, and the figure could easily double in 1985. The largest exporters are Toyota Motor, Japan's top car producer, and Mitsubishi Motors, Chrysler's Japanese affiliate.

Chinese officials are alarmed at the growth in car exports from Japan, and recently have insisted the Japanese transfer engineering and manufacturing technology as part of their export agreements with China.

To date, the Chinese have only signed joint assembly agreements with the three smallest of Japan's nine car makers —Daihatsu Motor Co, Suzuki Motor Co, and Isuzu Motors Ltd —involving production of light commercials.

Japan's reluctance to share its technology could give Europe and the U.S. an open door. Says Chrysler's Sharf: "I can't imagine we would be stupid enough to give away a market that size to Japan. We'd be fools to miss that opportunity."

The author is automotive writer and columnist for the Detroit Free Press.

Producer costs rise 0.2% as pound recovers

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

INFLATIONARY pressures moderated further in August when prices paid by manufacturers for fuel and raw materials were only 0.2 per cent higher than a year earlier.

That reflects the strong recovery of sterling, particularly against the dollar during the spring and summer. Since its average for February, the pound has risen 20 per cent against the dollar, while commodity prices measured in dollars have tended to weaken.

The Department of Trade and Industry said yesterday the index for manufacturers' input prices fell 0.7 per cent between July and August. Two thirds of that was attributed to lower prices for food materials.

Recent falls in input costs have helped manufacturers to hold back their selling prices, which rose only 0.2 per cent (equivalent to an annual rate of 2.4 per cent) in August.

In the 12 months to August, manufacturers' selling prices rose by 5.7 per cent, almost the same as in the 12 months to July.

That is well below the annual inflation rate of retail prices of 6.9 per cent in August and underlines the Government's confidence that the inflation rate will fall to around 5 per cent by the and of the year.

The next inflation figures, due later this week, are expected to show a substantial fall – perhaps to around 6 per cent – because of the effect of the recent cut in mortgage interest rates, which has yet to come through into housing costs.

Confidence that the inflation rate is now in a downward trend has been boosted by the most recent survey of manufacturing industry by the Confederation nf British Industry, the employers' organisation, which showed a marked decline in the proportion of companies expecting to raise prices this autumn.

The main inflationary pressure now is from wages. Average earnings rose by about 7½ per cent in the latest 12 months with the rise in manufacturing industry at about 9 per cent.

Manufacturers have partly offset those increases by raising productivity, but that has been at the expense of jobs, which have continued to decline in the sector throughout the recovery period.

Manufacturers have been obliged to squeeze their selling prices because of competition from abroad, since the rise in sterling has made foreign goods more competitive.

August retail sales may reach record

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

SPENDING in the shops in August remained at record levels in spite of unseasonably poor weather in much of the country.

The bargain sales and a continuing influx of tourists are believed to be the main reasons for the buoyancy of shop sales, although the cold and wet weather helped to boost sales of consumer durables such as televisions and microwave cookers, which normally do better in the autumn.

The Department of Trade and Industry said yesterday its index of retail sales volume rose to a provisional 116.6 (1980 = 100) in August. That was slightly higher than the levels in June and July and the highest-ever level of trade, although the August figure is only provisional and may be revised.

Sales volume in the three months from June to August was about 5 per cent higher than the same quarter last year and nearly 2 per cent higher than the March-to-April quarter this year.

The provisional estimate of the value of retail sales in August, based on non-seasonally-adjusted data, was nearly 11 per cent higher than in August last year. So far this year, the average value of sales has been 9 per cent higher than in the first eight months of last year.

● F. W. Woolworth, the High Street chain store, is converting 12 of its 800 stores in an experiment aimed at reversing the decline in its fortunes.

The 12 stores are aimed at shoppers who want to buy small convenience and food products.

Coal pit deputies to vote on strike

PIT DEPUTIES in the National Coal Board's most productive areas are to be balloted on industrial action – including striking – on October 8.

A strike would close the Nottinghamshire, Derbyshire and Warwickshire pits, since deputies are required by statute to supervise all underground activities.

At the heart of the dispute is the refusal by the National Coal Board to dismiss or move a deputy who defied an overtime ban imposed last year by the deputies' union Nacods, and who was subsequently expelled from the union.

□ REBEL LABOUR councillors in Liverpool and the south London borough of Lambeth have been instructed by district auditors to pay surcharges of more than £230,000 for delaying the setting of the local rate (property tax).

□ COURTAULDS, the largest UK textile manufacturer, is to take over the UK marketing of the Dunlop Slazenger and Carlton ranges of sportswear in a 15-year agreement aimed at increasing the companies' combined 10 per cent share of the UK sportswear market, worth about £250m a year at wholesale prices.

□ PREMIER Consolidated Oilfields, the UK oil exploration company, has made a big North Sea oil find in block 29/9B, about 145 miles east of Aberdeen.

□ GEC MARCONI Secure Radio Systems, which makes military radio and data communications equipment, is to close its factory at Kidsgrove in Staffordshire. At least 200 of the 430 employees at the factory will be transferred to other GEC sites.

□ FALMOUTH SHIPREPAIR, the Cornish shipyard privatised earlier this year, has begun discussions with an as yet unnamed shipping operator with a view to making Falmouth a terminal for passenger and cruise liners.

□ MR PEN KENT, information head at the Bank of England, will head a new division to look after international financial institutions and developing countries.

□ TWO SENIOR analysts are leaving stockbroker Wood Mackenzie in another round of senior staff changes in the City of London.

Social Democratic Party conference

Jenkins says Alliance offers best prospect for the economy

BY PETER RIDDELL, POLITICAL EDITOR

ONLY the Social Democratic Liberal Alliance could offer the prospect of realistic economic expansion without accelerating inflation, Mr Roy Jenkins, the former Chancellor of the Exchequer and ex-president of the European Commission, claimed yesterday in a rousing and witty attack on Labour and Conservative policies.

His speech to the SDP annual conference in Torquay, south England, was easily Mr Jenkins's most successful since he gave up the SDP leadership just after the June 1983 general election. It reinforced the high morale of the record numbers attending the generally harmonious and united conference.

Showing all the style and timing that made him a master of the House of Commons in the past, Mr Jenkins ridiculed Mrs Margaret Thatcher, the Prime Minister, for failing to produce results, to "Year 7 of the new revolutionary calendar."

He also argued that Labour's attempt to revise the economic policy with the unions had been discredited. After last week's congress, he said, the Trades Union Congress was in its weakest position for 60 years and the "new model Labour Party economic policy is a waterlogged hulk."

Instead, he said, the Alliance offered a £5bn budgetary boost to investment and industry through reduced national insurance contributions, increased public spending on construction and training, and expanded community programme and special help for the long-term unemployed.

That would be coupled with a firm monetary policy, involving full membership of the European Monetary System and an incomes strategy involving voluntary restraint backed by an inflation tax and a non-inflationary pay comparability system in the public sector.

That plan has been run through the Treasury computer model of the economy to show a near 500,000 cut in unemployment within two years, a 7.5 per cent inflation rate in 1987, but an £11bn level of public sector borrowing by then and a current account deficit of just under £5bn.

Mr Jenkins said the impact on unemployment might be too cautious, but SDP leaders believe it was necessary not to raise expectations.

He maintained that the £5bn budgetary boost proposed by the Alliance would provide a realistic basis for expanding the British economy and would offer a message of sense and hope to Europe and the World.

Mr Jenkins emphasised that the recent burst of growth in the U.S. was dying out and, with it, the main factor that had put some life into world trade. He declared: "There is a desperate need for the baton to be taken up by Europe. Without this, the outlook is dismal for ourselves, for our neighbours, for the Third World, even for the U.S."

Dr David Owen, the party leader, is expected to take up some of Mr Jenkins's themes in his conference speech tomorrow. in particular, he wants to spell out more about the incomes strategy.

Jenkins: £5bn boost to investment

Williams gives warning over changes in Ulster

ANY ATTEMPT to give the minority community in Northern Ireland a fair share of responsibility would involve "painful changes" in constitutional practices, Mrs Shirley Williams, the Social Democratic Party (SDP) president, told the Council for Social Democracy.

Mrs Williams was speaking after Mr Frank Devine, from Coventry, mounted a sharp attack on the membership of a joint commission whose report has established the framework for Alliance policy on Northern Ireland.

Mrs Williams responded angrily to his charge that the commission had excluded members of the SDP with credibility in the British-Irish community.

She deplored the tone of Mr Devine's speech, and warned that his call for an all-Ireland solution – embodied in an amendment which was decisively rejected – was likely to jeopardise chances of real reform in Northern Ireland.

To applause, Mrs Williams stressed: "This is too grave a problem for us to play politics. We have got to find a better solution than the continuation of terrorism and death in that sad province."

Mr Noel Dorr, the Irish Ambassador to London, and two senior members of his staff, listened to the debate, which ended with a resolution accepting the commission's report "as an important contribution to development of policy on Northern Ireland."

Mrs Williams said to force the 1m Protestants in the North into a united Ireland against their wishes would simply recreate the terrorist problem on a greater scale.

Liberal MP urges cruise policy shift

A SIGNIFICANT shift in the thinking of an influential section of the Liberal Party over nuclear defence policy was yesterday signalled by Mr Paddy Ashdown, the Liberal MP for Yeovil, Somerset, in a speech to an SDP conference fringe meeting.

He said the party should drop its call for the removal of existing U.S. cruise missiles from Britain for as long as the current Geneva arms talks lasted.

Mr Ashdown led the call at last year's Liberal assembly for cruise missiles to be removed from Britain. The proposal was narrowly carried, against the wishes of Mr David Steel, the Liberal leader.

Mr Ashdown's shift was yesterday seen as an important conciliatory gesture to heal divisions on defence policy within the Alliance.

Electoral system 'must be decided'

By Andrew Taylor

A PLEA by SDP party leaders not to have their hands tied on electoral reform, by forcing them to choose which form of proportional representation to support, was overwhelmingly rejected by conference yesterday.

A motion instructing the policy committee to present a recommendation for a specific system of proportional representation to next year's conference was easily passed, despite a recommendation from Mrs Shirley Williams, the party president, that the amendment be opposed.

Mr Stuart Maxwell, a member of the national council, reaffirmed the party's support of proportional representation. But he said that it should not be forced into an early decision on which system to adopt and should keep its options open.

Mr Maxwell said that the party preferred the single transferable vote system of proportional representation. But he added: "Other proposals might have to be considered in the light nf whatever circumstances prevailed when electoral reform can finally take place."

Mr Gwynoro Jones, a former Labour MP, told conference that the SDP's support for proportional representation should be sacrosanct in deals with any nther party.

□ The SDP reaffirmed its support for economic and political policies designed to move the concentration of power away from London to the regions.

A series of motions and amendments, committing the party to great local autonomy and higher investment in new jobs in the regions, was overwhelmingly passed.

□ The Social Democrats should work more closely with sections nf the trade union movement to counter its anti-union image, Mr Jnhn Cartwright, the party's Chief Whip, (parliamentary manager) warned last night.

Speaking at a meeting of the Association of Social Democratic trade uninnists, Mr Cartwright said that, despite the support among trade unionists, the impression persisted that the SDP was an anti-union party.

The SDP, he said, should "pay more attention to its anti-union image."

UK NEWS

Top academics concerned over star wars participation

Peter Marsh looks at the tricky choices facing university research groups in the face of Pentagon publicity.

THE ISSUE of how to respond to requests to join President Reagan's Strategic Defence Initiative (SDI) is causing a stir among British university research groups, due later this year to be the target of a Pentagon public-relations campaign to persuade them to take part.

The chief incentive for those interested in participating is financial. But several top academics feel uneasy about joining the project, popularly known as star wars. They express fears about security classifications, which, for instance, might restrict scientists from publishing details of their work; some have moral reservations about joining a military project.

Probably nearer a star wars contract than any other UK research team is the Microelectronics Applications Research Institute (Mari), a £2m-turnover company linked to Newcastle University, which is in position to win a £1m contract from the U.S. Defence Department to work on computer aspects of the programme.

Academic groups at Imperial College, London, and St Andrew's University in Fife, Scotland, are discussing informally with the UK Ministry of Defence whether to make their work in laser technology available to the $26bn project.

But at Glasgow University, the electronics department has already rejected a request to take part on the grounds that tha work might disrupt existing scientific activities and might pose questions over classification of research.

Dr James Ionson, director of innovative science and technology at the Pentagon's Strategic Defence Initiative Organisation, is interested in the scientific expertise British academics could bring to the programme, aimed at devising a strategy by 1990 to defend the West from Soviet missiles with weapons such as particle beams and "intelligent" guided missiles.

Although Dr Ionson has only about 4 per cent of the project's budget at his disposal, the work he is funding will attempt to overcome many of the programme's fundamental difficulties, such as the development of powerful computers to supervise an operational defensive system.

Dr Ionson plans to step up efforts to recruit British scientists as soon as the UK and U.S. governments have reached overall agreement, expected in October or November, on general terms for participation. Dr Ionson, who has a budget for 1985-1986 of about $100m, hopes to tour universities in Britain and Europe to talk to scientiests.

An informal Financial Times poll among 20 leading UK researchers in lasers and computers – two of the key star wars technologies – shows considerable unease. Only five said they would join the programme if given a chance. Most objectors cited either fears about security classifications, or moral objections.

The financial incentive may attract some university groups, hard hit by reductions in UK government support for research, that think star war cash could supplement shrinking budgets.

Even though the overwhelming proportion of the $26bn earmarked for star wars will be spent in U.S. industry, "the sums involved are so large that just a few crumbs will be significant," according to Prof Wilson Sibbett, a laser specialist in the physics department at St Andrew's University.

Prof Sibbett's group has had preliminary discussions with the UK Defence Ministry's Royal Signals and Radar Establishment (RSRE) at Malvern about forming a consortium to bid for star wars work in high-speed optical computers based on lasers. St Andrew's may also link with another laser team at Heriot-Watt University in Edinburgh, which has already agreed to take part to star wars research.

A third laser group, at London's Imperial College has had similar talks with the RSRE. Prof Chris Dainty, head of the team, said his group might become involved as a subcontractor to a larger research effort.

At Newcastle, Mr Bob Cooper, managing director of Mari, said his company "almost certainly" would respond positively to an invitation from the U.S. to bid for a star wars contract. Mari would earn about £1m during three years for work on the "fault-tolerant" computers needed to run an operational defensive system.

Engine fails on Boeing 747

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A TWA Boeing 747 had to make an emergency landing at Heathrow airport, London, yesterday after an engine failure.

Captain Donald Stipp said later that soon after take-off, with 94 passengers aboard, he heard a bang from the port outer engine. He shut down the engine, made an immediate return to the airport and landed normally. The passengers were taken off without the need for emergency evacuation.

The aircraft, which had earlier arrived from Boston, was on its way to Copenhagen.

The cause of the incident was said to be turbine failure, with broken pieces still lodged in the engine. The engine, a Pratt & Whitney JT9D was being changed late yesterday.

The JT9D, is a later, more powerful engine than the JT8D-15 that exploded as a Boeing 737 took off at Manchester last month. Fifty-five passengers and crew were killed when the aircraft caught fire.

That accident is still being investigated, although its cause is believed to have been failure of a burner can in the combustion chamber rather than failure of a turbine.

● U.S. lawyers specialising in claims for personal injury are to visit Manchester today for discussions with lawyers representing the 55 victims of last month's air disaster.

Their aim is to put together a "class action", for hearing in the U.S. courts.

Workers at Vauxhall protest at imports

Financial Times Reporter

INDUSTRIAL ACTION is being threatened by 3,000 assembly workers at Vauxhall's Ellesmere Port plant in north-west England over imports of the Astra car.

The threat is by the Transport and General Workers' Union (TGWU), which is demanding further investment in the plant to increase production and provide more jobs.

Union officials at the plant, where £130m has already been invested in robotic equipment, claim that the company has reneged on an agreement that all but a few models of the Astra sold in the UK would be produced at Ellesmere Port.

The union claims that Vauxhall – a subsidiary of General Motors – is now importing Astras throughout the range to meet the heavy demand for the car.

A mass meeting of TGWU members at the plant last week gave union officials the mandate to take whatever action was necessary over the issue of imports. They want urgent talks with the company.

The union is demanding that the plant's capacity should be increased from the present maximum of 35 vehicles an hour, although this figure has yet to be reached.

At present, 26 Astras an hour are coming off the assembly lines, but the union says that almost half of these vehicles are vans and that the shortfall in cars is being made up with imports from Vauxhall's sister company, Opel, in West Germany.

Mr Tony Woodley, the TGWU convener at the plant, said that national officials were already actively involved. He added: "We are only one step away from an all-out stoppage."

A Vauxhall spokesman said: "We are aware that a meeting has been asked for by the union, although we have not received any official request for such a meeting at the moment."

● Trafalgar House, the shipping, property and construction group, may seek up to 800 redundancies from its 2,000 workforce at the Scott Lithgow offshore yard on the Lower Clyde, Scotland, because of lack of orders.

BBC plan to link marketing

By Raymond Snoddy

THE BBC is to reorganise its £100m a-year commercial activities to bring them together under a single management structure.

Later this month the BBC is to advertise a new post of head of commercial activities inside and outside the organisation to find someone with extensive marketing experience to run the new group.

The BBC board of governors approved the plan, designed to maximise the profits from the corporation's commercial activities, last week.

The corporation's commercial activities range from the sale of television programmes, books, records and videos to information data banks, micro-graphics, computers and a radio transcription service.

At present, different commercial activities come under the control of separate directorships. The largest is BBC Publications, publisher of the Radio Times and The Listener, with a £53m turnover in the past financial year. The second largest is BBC Enterprises, which is responsible for programme sales, records and the BBC microcomputer with a turnover of £42m.

The new organisation, under the chairmanship of Mr Michael Checkland, BBC deputy director general, will be called BBC Enterprises.

It will have three divisions-publications, books and the activities of the present BBC Enterprises such as programme sales and records – under the day-to-day control of the new head of commercial activities, who will probably come from outside the BBC.

The reorganisation closely follows the recommendations of Marketing Improvements, the marketing consultants commissioned by the BBC to review its commercial activities.

The consultants argued that a unified structure was needed to give a more co-ordinated market focus to BBC products.

In another move to make the BBC more competitive, the corporation announced yesterday that it had chosen Lowe Howard-Spink Campbell-Ewald (LHS) as its agency for a £1m-plus autumn advertising campaign for BBC programmes.

It is the first time the BBC has used advertising in this way. The campaign is to "help the public by giving better information about our programmes," the BBC said yesterday.

UK NEWS

Barry Riley concludes the series on self-regulation in the City

Weighing up the Eurobond market

A MEETING next Friday in Zurich of the board of the Association of International Bond Dealers (AIBD) will consider key recommendations which could determine the position of the Eurobond market in the new regulatory framwork proposed for the UK's investment markets.

The British authorities have decreed that firms operating within the market and the market itself will be brought within the jurisdiction of the Securities and Investments Board (SIB).

The SIB has just recruited a Eurobond practitioner, Mr Richard Britton from Drexel Burnham Lambert, as its director of international securities regulation.

But the British authorities face a delicate balancing act. The Eurobond market has become centred in London – where some 75 per cent of business is thought to take place – precisely because of the lack of onerous regulation. And the SIB regards the promotion of the City of London as a major international financial centre as one of its main objectives. So how can the market be regulated without driving it away?

It is far from a peripheral matter for the City. The market is a hidden giant, with capitalisation estimated at $350bn, making it something like twice as big as the UK gilt-edged market.

Some Eurobond practitioners have been offended at how little the British authorities known about the market. Last January's White Paper did not mention the market, even though it is Britain's biggest. The reason, of course, is that it is largely in the hands of foreign banks.

Conscious of their market's size and importance, Eurobond practitioners are resistant to the idea that they should come under the umbrella of another body such as the London Stock Exchange. "We didn't want to be a minority in somebody else's exchange," says Mr Ian Steers, the Wood Gundy executive who has headed an ad hoc working party set up jointly by the AIBD and a newer body, the year-old London-based International Primary Market Association (IPMA).

The AIBD has some 700 members active in the secondary market in Eurobonds. The IPMA is a more specialised body of 45 issuing houses, all of which are also members of the AIBD.

The Steers working party has considered various options and has tabled a list of alternatives for consideration by the AIBD this Friday and by the board of the IPMA a week later.

There are two separate aspects to regulation of the market. One concerns regulation of the market itself, and in particular the question of whether the AIBD would be prepared to turn itself into a designated investment exchange. The other concerns the need of firms operating in London to register, either with an approved self-regulatory organisation or directly with the SIB.

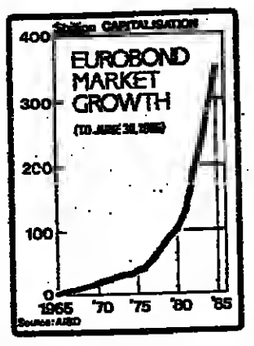
There can be little compromise over the second aspect. So long as the legislation proceeds on schedule through Parliament the firms will have to be registered by the end of 1986 or cease trading in the UK.

Some – though not the SIB – argue that there could be more flexibility on the question of recognition of the market. It is widely regarded as impractical that within 15 months the Eurobond market could fulfil all the criteria laid down by the SIB for recognition – including independent lay members on the board, adequate disclosure of trading information, approved listing requirements and effective disciplinary procedures.

Key issues will be the degree to which the SIB might be prepared to dilute its requirements on the grounds that the Eurobond market is 99 per cent a professional market (so there are no Aunties Mabels in Bournemouth or Baden-Baden to be protected) and that a transitional period of several years is in any case required.

As for the registration of firms, the idea of a link with either the Stock Exchange or with the National Association of Securities Dealers and Investment Managers (Nasdim) appears to have lost popularity, though contacts have been made with both these bodies.

Direct registration with the SIB



remains a possibility. But the more intriguing idea – and one being welcomed by the SIB – is that a new self-regulatory organisation (SRO) should be set up. This would not be specifically for Eurobond traders, but would cover the whole field of international securities trading in London. It would certainly include the fast-growing business in international equities, and might extend to shorter-term monetary instruments such as certificates of deposit.

The SIB is talking of an association of international brokers and dealers which might turn into something like the U.S. National Association of Securities Dealers which has spawned a highly successful domestic over-the-counter market. The SIB is seeking a commitment from a number of prominent firms in the Eurobond market and elsewhere and will be writing to the AIBD in pursuit of this objective.

Many practitioners are suspicious of the idea. The prospect of whipping many nationalities into line is a daunting one, and the project has not yet got off the ground.

But the pressure is mounting. Mr Steers said: "People haven't got their minds around to it yet. But we had better get down to it, or we will be supervised by people who don't understand the business." He says that this would have "horrifying consequences."

If the new international brokers' and dealers' SRO becomes established it will emerge as one of probably five SROs to be recognised by the SIB. The others would be the stock exchange, Nasdim, the Association of Futures Brokers and Dealers and a proposed specialist SRO for investment managers.

A major cause for concern among the big international securities groups is the danger of proliferation of such bodies. At the least, a major securities house could be required to join the stock exchange in respect of gilt-edged and other domestic business, the AFBD in respect of futures business and also the international SRO.

"Quite a muddled picture is emerging," complains a leading practitioner.

Companies to ballot shareholders on party fund donations

BY CHARLES BATCHELOR

THE CONSERVATIVE PARTY'S money managers must be feeling some unease at a small but growing number of announcements made at annual meetings of British companies this summer.

The chairmen of several large concerns have made promises to put the issue of political donations to their shareholders – and most of those are made to the Tory Party.

BET, the laundries, publishing and transport group, last week joined the ranks of companies that plan to canvass the views of their shareholders before continuing its £10,000-plus annual contribution to Conservative Central Office.

If the trickle becomes a flood, and if shareholders do vote to stop or reduce their company's contribution – possibly rerouting some of their money to the Social Democrat/Liberal Alliance or even to Labour – Conservative funding might suffer.

The Labour research department's annual review of political contributions by British business showed last month that 313 companies donated £2.83m to political parties in 1984. No less than £2.22m went to the Conservatives.

British & Commonwealth, the shipping, air transport and financial services group headed by Lord Cayzer, a prominent Tory supporter, has topped the donors' list for the past two years.

The research department – which is backed by unions – found 17 companies that donated £40,000 or more to party funds or to conduit organisations. Only one of these companies, BSM Holdings, the driving school, did not support the Conservatives. Its money went to the Liberal Party.

At the moment, the Tory treasurers do not appear to be concerned by the possible threat to their income. The Conservative Party does not disclose the source of its funds but it does receive donations from "many thousands of companies and even more individuals." Each, it believes, should be left to make up its own mind.

The issue of companies' donations to political parties was highlighted by a report published last May by a working group of the Constitutional Reform Centre, a research and lobby group, and the Hansard Society for Parliamentary Government.

The report proposed a voluntary code of practice for companies making political donations.

It urged that:

- Companies that wanted to make such donations should obtain shareholders' consent at the annual meeting.
- The boards of such companies should make a statement to shareholders explaining why they considered contributions to be in the interests of the company.
- Companies making donations should do so openly and not use conduits such as the British United Industrialists organisation, which channels money primarily to the Conservative Party.

DONATIONS TO POLITICAL PARTIES IN 1984

British & Commonwealth Shipping	£101,792
Allied-Lyons	£ 82,000
Racal	£ 75,000
Plessey	£ 75,000
Taylor Woodrow	£ 63,275
London & Northern	£ 57,000
Marks & Spencer	£ 57,000
Hanson Trust	£ 55,000
Guardian Royal Exchange	£ 53,324
AGB Research	£ 50,000
Distillers	£ 50,000
United Biscuits	£ 49,500
BSM Holdings	£ 49,000
Northern Engineering Industries	£ 46,000
Newarthill	£ 43,000
Trafalgar House	£ 40,000
Trusthouse Forte	£ 40,000

Source: Labour Research Department

The report also recommended that the law should be changed to require political parties to disclose the source and size of all significant donations and publish annual accounts. Of the four main parties, only the Conservatives have not published figures.

The question of corporate political donations was brought into prominence by the Trade Union Act of 1984, requiring unions to hold regular ballots on political funds.

Many people argued that, if individual union members were to be given the chance to decide on where union funds were spent, then individual shareholders should be given the same right.

The rise of the Alliance in the opinion polls has meant that the Conservatives are not necessarily the automatic choice of companies keen to play a part in the political process.

The Labour research department's team identified a few companies that had decided to ask for shareholders' consent to political donations. They were Foreign & Colonial Investment Trust; Lowland Investment; Majedie Investments; Willis Faber, a large insurance broker; and Witan Investments.

Since then some larger and better known names have joined the list of companies considering the issue.

Only Marks & Spencer and BET have gone as far as to say they expect to poll their shareholders by means of proxy cards.

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Unique mag stripe consumer smart card operation. Technically developed. Market tested, ready to trade. Unlimited potential. Equity for investment circa £160,000 or acceptable commercial formula.
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Substantial shareholding for sale in private property company with net assets of £500,000.
All enquiries to:
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17/19 Peterborough Road
Harrow, Middx HA1 2XS

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For detailed information please apply to

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Foreign Trade Company · 70433 Bucharest – Romania, Blvd. Republicii 32, P.O. Box 113, Telephone: 13 75 96. Telex: 11213 maxim r

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Modern wet lux line. Ajax Induction Heating. 11½ tonne per hour. Fully variable air wipe control, strip 600-1,250 mm wide, 0.35 to 1.22 mm thick. Speed 33 m per min. Available immediately.

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Interlekt Electronics Ltd

The business of Interlekt Electronics is offered for sale as a going concern.

Areas of business are:

1) A range of data monitors and network test and access systems by Atlantic Research Corporation, recognised by the communications market as possibly the best available.

2) A complete range of data modems for use on the Public Telephone Network, aimed at the business market. A number of these modems are of Interlekt design and manufacture. They are sold via an existing distributor network throughout Europe and UK and by direct sales. All modems have the necessary approvals for connection to the Public Telephone Network.

3) Protocol convertors allowing non IBM communications devices access to IBM equipment.

Turnover for year ended December 31st 1984 was £2.8 million and for the six months to June 30th 1985 was £1.29 million.

For further information please contact the Joint Receiver:

Jim Kerevan
Peat, Marwick,
Mitchell & Co.
7/11 Station Road
Reading, Berks
Tel: (0734) 584121

PEAT MARWICK

CHINA CONNECTIONS

CHINA / HONG KONG TRADE IN PACKAGING PRODUCTS

Leading Hong Kong Importer/Exporter, wholesaler and distributor of packaging machines and materials and business equipment with established distribution infrastructure in China through five national corporations is for sale.
The Company, established in 1955, has been growing at an annual rate of more than 20 per cent for the last five years and has a current turnover exceeding U.S.$10 million, with excellent net profit records. The company has secured over 10 world famous agency rights. Asking price: U.S.$6 million.
Interested organisations should submit following details to the company's consultants at the address below:
Company name, address and ownership structure, date of establishment and details of capitalisation. Sales turnover, markets served, product range and number of employees.
PETER CORLESS ASSOCIATES
Business Strategy and Management Consultants
51 Brecon Way
Bedford MK41 8DD
England
Telephone: (0234) 68783
Telex: 825633 OTSSBF G

FOR SALE BY TENDER

On the instructions of Alan R. Hofer Esq., F.C.A., Receiver and Manager
KMG REYNOLDS McCARRON, 21 Cook Street, Cork.

VEROLME CORK DOCKYARD LTD.
(IN RECEIVERSHIP)
A SHIPBUILDING AND REPAIR YARD WITH EQUIPMENT, IN CORK HARBOUR

The Property, which extends to c. 70 acres is being offered in one or more lots. The Extensive Property comprises: Modern Clear Span Workshops c.210,000 sq. ft. Maintenance Shops c. 29,000 sq. ft. Offices c. 18,000 sq. ft. Separate Whitepoint factory c. 20,000 sq. ft. on c 12 acres. Ringaskiddy House and Extensive landbank.

Equipment comprising: Two Slipways capacity 70,000 & 30,000 tons. Dry Dock capacity 15,000 tons. Floating Dock capacity 2,000 tons. Engineering, Pipe Fitting and Fabrication Shops. Ball mounted and Gantry Cranes max. capacity 40 tons. Woodworking Machinery. Compressors., Computerised Design Equipment, Office Equipment.

TENDER DATE TUESDAY, 24th SEPTEMBER, 1985, 12.00 NOON
For further details and tender contact:

LISNEY AND SON
Auctioneers, Valuers, Surveyors and Estate Agents
35 Grand Parade, Cork. Telephone: (021) 275079
or St. Stephens Green, Dublin 2. Telephone: 01-601 222

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Long established connection with good retail Jewellers. Excellent opportunity for development.
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031 225 7575
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Nick Lyle, Partner or Liz Richards, Personnel Manager Thornton Baker, Fairfax House, Fulwood Place, London WC1V 6DW. 01-405 8422.

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Vegetable Packaging South Wales

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Enquiries to:
Barry Jones
Peat, Marwick,
Mitchell & Co.
Grove House
Grove Place
Swansea SA1 5DE
Tel: (0792) 50018/50496

or:
Barry Mitchell
Peat, Marwick,
Mitchell & Co.
113 Bute Street
Cardiff CF1 6TD
Tel: (0222) 481145

PEAT MARWICK

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Barry Jones
Peat, Marwick,
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Grove House
Grove Place
Swansea SA1 5DE
Tel: (0792) 50018/50496

or:
Barry Mitchell
Peat, Marwick,
Mitchell & Co.
113 Bute Street
Cardiff CF1 6TD
Tel: (0222) 481145

PEAT MARWICK

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Ipswich, Suffolk

The business, business assets and goodwill of Rushingdale Ltd S.A. are offered for sale. The company operates from modern purpose built premises on a growing industrial estate with easy access to the A45 for Felixstowe and A12 for London.

The company employs approximately 40 producing an annual turnover in excess of £2½ million.

For further details contact Ralph Lyon or Christine Hawkes on Ipswich (0473) 711456 or the Receiver, Alan Barrett on 01-236 6500 or at the address below.

Telex 8949411.

Deloitte Haskins+Sells
P.O. Box 207, 128 Queen Victoria Street, London EC4P 4JX

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For full details write to the Managing Director:
Box H0171, Financial Times, 10 Cannon Street, London EC4P 4BY

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Long established, insurance Co and police approved. High guaranteed *rental* income, plus excellent expansion scope. *Sale due to retirement.* Price £660k which includes recently built security communication centre, office block, fleet of modern radio controlled vans, etc.
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Established and profitable business for sale owing to impending retirement. Turnover around £½m and showing steady growth. Excellent manufacturing premises with several retail shops. Considerable expansion potential. Offers around £250,000. Ref. 5043.
Further particulars contact:
S. D. Ellison & Co. (Scotland)
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with £400,000 non-life personal lines brokerage (approx. 60% non-motor) wishes to consider merging with/sale to specialist personal lines broker.

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SOUTH COAST

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Clients seek control of small public company preferably with interests in any of the following activities:—

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16/20 Victoria Road
Romford, Essex RM1 2JH
Telex 897249
Tel: Romford 752700

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Approx. 670 acres of natural forestry in South America including 5 acres planted in *eucalyptus trees*. These trees will mature for commercial sale in 4/5 years with a potential value alone of U.S.$80,000. There are no immigration restrictions for British, American and most European citizens. All 670 acres including eucalyptus is offered for quick sale.

FOR £55,000

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with innovative range of electronic products appealing to Domestic, Office, Workshop and Municipal Users seeks financial involvement of B.E.S. Investor/s or will consider investment by individual or company with active participation in distribution/marketing function. Please send details to:

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Kent BR7 5PL
Tel: 01-468 7244

BES

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Principals only to reply to
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Tel: 01-629 9051 Telex: 28374

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WANTED

Fresh Produce/ Convenience Food/ Ready Meals

We are a major company with interests in chilled distribution to retail and catering outlets.
We are interested in acquiring small established businesses with expansion potential engaged in the above fields of operations. Although not essential continuity of management an advantage.
Interested parties should enclose fullest possible details in confidence to:—
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10 Cannon Street, London EC4P 4BY
PRINCIPALS ONLY

REQUIRED
PRESSING, ASSEMBLY OR LIGHT ENGINEERING COMPANY

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REPLIES IN CONFIDENCE TO:
Mr. G.H.N. GRIFFITH
GRIFFITH & GRIFFITH ACCOUNTANTS
85 NEWHALL STREET, BIRMINGHAM B3 1LT
TELEPHONE: 021-236 2288

Major subsidiary of public company

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1) Construction markets
2) Home improvement
3) General engineering
4) Security

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BASED CENTRAL LONDON SEEKS COMPLEMENTARY BUSINESS

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TO WORK IN COLLABORATION WITH A VIEW TO SHARING FACILITIES/MERGER/FLOATATION

Reply in confidence to
Box H0168, Financial Times
10 Cannon Street, London EC4P 4BY

COLLABORATION

Well established British company operating in professional communications market wishes to diversify and seeks collaborator with a view to licence or marketing of commercial products for U.K. market.

Please contact Managing Director
Box H0172, Financial Times
10 Cannon Street, London EC4P 4BY

PLASTICS/CHEMICAL or other TECHNOLOGY based business

Acquisition or Equity participation sought. Confidentiality assured.

Write Box H0146, Financial Times
10 Cannon Street, London EC4P 4BY

PUBLIC COMPANY
wishes to acquire successful publication preferably leisure-based
Write Box H0152
Financial Times
10 Cannon Street
London EC4P 4BY

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involved in insurance broking, life assurance, unit trust advisory services, pensions and benefit consultancy, seeks acquisitions. Commission/fee income between £250,000 and £5m pa considered.

Write Box G1020, Financial Times
10 Cannon Street, London EC4P 4BY

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seek catering companies for shares/cash. No limitation on size of company nor geographical location. All information will be treated in confidence.
DAVID R. COFFER, FRICS, ACIArb
16 Albemarle St, London W1X 3HA
01-493 5611

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Established company engaged in manufacturing and contracting in the building industry seeks to acquire companies in order to diversify its activities. Up to £250,000 available for purchase or equity participation.

Please contact Box H.0184
Financial Times
10 Cannon Street, London EC4P 4BY

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Please contact
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10 Cannon Street, London EC4P 4BY

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Send details to
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or Ken Chalk,
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North Central London

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QUALITY CONFECTIONERY COMPANY

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10 Cannon Street, London EC4P 4BY

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based in the West Midlands producing high quality forgings in carbon and alloy steels. Fully contained resources producing presently around £2.5m for a mixed market inclusive of export orders with potential growth. Owns own freehold property. — Write Box H.0188, Financial Times, 10, Cannon Street London EC4P 4BY.

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or ring 02407 4284

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Prestigious customers
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Good continuing management

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Available for acquisition or leveraged buyout.
Principals only
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Net worth—$3 million
Asking $3 million

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Apply: Box H0135, Financial Times
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Telephone: 919-752-8053.
Telex: 361302 (Western Union)

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1— 23 (twenty-three) Relative Motion Radars and 1 (one) ARPA Radar will be purchased by D.B. Turkish Cargo Lines under sealed envelope.

2— The relevant administrative and technical specifications can be obtained starting 23.8.1985 from the following address:

D.B. Turkish Cargo Lines
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Mecidi Mebusan cad. No: 92-95-97
Findikli, Istanbul, Turkey.

3— The quotations received after 23.9.1985 at 17.00 hours will not be accepted.

4— Quotations received after the above date and hour will not be considered; postal or any other delays will not be accepted.

5— D.B. Turkish Cargo Lines is not constrained by Government Adjudication law number 2886 therefore it is free to cancel or award this adjudication to whomever it sees fit.

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on the Instructions of
Messrs Devenish Brewery Ltd

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THE ESPLANADE

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Contractors within the scope of the Fair Employment (Northern Ireland) Act 1976 should note that Tenders will only be considered from those firms which have signed the Fair Employment Agency's Declaration of *Principle of Intent.*
The Executive is not bound to accept the lowest or any Tender.
W. V. BLEASE
Chief Executive

Company Notices

GOLD FIELDS GROUP
DECLARATION OF DIVIDENDS
UNITED KINGDOM CURRENCY EQUIVALENTS

In accordance with the standard conditions relating to the payment of the dividends declared by the undermentioned companies on 13 August 1985, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of R3.06000 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 5 September 1985 as advised by the companies' South African bankers. The United Kingdom currency equivalents of the dividends are therefore as follows:—

Name of Company (All companies are incorporated in the Republic of South Africa)	Dividend No.	Amount per share
Gold Fields Property Company Limited —	125	4.901959
New Wits Limited	68	15.68627p
Vogelstruisvalt Metal Holdings Limited ..	77	3.26797p

By order of the Boards,
per pro CONSOLIDATED GOLD FIELDS PLC,
London Secretaries,
Mrs. G. M. A. Gledhill, Secretary.

London Office:
39 Moorgate,
London, EC2R 6BQ.
6 September 1985.

United Kingdom Registrars:
Hill Samuel Registrars Limited,
6 Greencoat Place,
London, SW1P 1PL.

CIRCULAR OF THE CENTRAL BANK OF NIGERIA DATED 18TH APRIL 1984

APPLICABLE FOREIGN EXCHANGE RATES FOR ANTICIPATED NOTE ISSUE ON OR ABOUT 16TH SEPTEMBER 1985

N.B. THIS ANNOUNCEMENT ONLY RELATES TO CONFIRMATIONS OF ELIGIBLE DEBT RESULTING FROM NOTIFICATIONS ISSUED ON BEHALF OF THE CENTRAL BANK OF NIGERIA ON THE 19TH AUGUST 1985.

The spot rates of exchange quoted by The Chase Manhattan Bank, N.A. for the purchase of U.S. Dollars with each of the following currencies in the London Foreign Exchange Market at or about 11.00 a.m. (London time) on 6th September 1985 and which will be applied in calculating the U.S. Dollar equivalent of confirmed claims owing in other foreign currencies for the purposes of any Notes to be issued on or about 16th September 1985 are as follows:

Austrian Schillings	20.4350	Japanese Yen	242.2000
Belgian Franc	59.6200	Kenya Shillings	17.0500
CFA Franc	433.7500	Netherland Guilder	3.2670
Deutsche Mark	2.9070	Norwegian Kroner	8.4910
Danish Kroner	10.5325	Pound Sterling	0.7513
French Franc	8.8750	Singapore Dollar	2.2950
Hong Kong Dollar	7.8155	Spanish Peseta	170.6000
Indian Rupee	12.2200	Swedish Kroner	8.5330
Italian Lira	1934.0000	Swiss Franc	2.3980

The date anticipated for issue of Notes is subject to alteration.

This announcement is subject to the terms and conditions of the circular.

By: The Chase Manhattan Bank, N.A.
as Reconciliation Bank
for
The Central Bank of Nigeria

CHASE

US$300,000,000
CAISSE NATIONALE DES TELECOMMUNICATIONS
Floating Rate Notes due 2000

NOTICE IS HEREBY GIVEN that for the one month from September 9, 1985 to October 8, 1985 (30 days), the Notes will carry an interest rate of 8⅛% per annum. The interest payable on each U.S.$10,000 Note on the relevant interest payment date, October 9, 1985, against Coupon No. 3 will be U.S.$68.22.

Yasuda Trust and Banking Co. (U.S.A.) Ltd.
Fiscal Agent
BANQUE NATIONALE DE PARIS (LUXEMBOURG) S.A.

CAISSE NATIONALE DES TELECOMMUNICATIONS
Floating Rate Notes Issue of US$300,000,000 1985-2000

For the period of 1 month, from September 9, 1985 to October 9, 1985 (30 days), the notes will beer interest rate of 8⅛ per cent per annum.
The payable interest due October 9, 1985 for each nominal note of US$10,000 will be US$68.22.

REPUBLIC OF FINLAND
11¼% Bonds 1979-1989 of FrF 5,000

According to the right they reserved at the time of issue, REPUBLIC OF FINLAND cancelled the 2,000 bonds purchased to cover the redemption of the annuity expected on October 15th 1985 i.e. FRF 10,000,000.

A drawing by lot will not take place for this first redemption.
Outstanding amount: FRF 80,000,000.

BANQUE NATIONALE DE PARIS
Fiscal Agent

Art Galleries

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FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
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Tuesday September 10 1985

A U.S. signal to Pretoria

PRESIDENT REAGAN'S decision to introduce a modest package of economic sanctions against South Africa may not necessarily succeed in averting the passage in Congress of a more far-reaching set of measures. But it has undoubtedly transformed the international political context within which western governments discuss the desirability or the utility of a sanctions policy *against Pretoria. It should exert* a profound influence on the debate which takes place today between the member states of the European Community.

The debate is usually conducted as the antithesis of extremes, in which pragmatists insist on a guarantee of perfect effectiveness and perfect targeting as the criteria for a sanctions policy: sanctions cannot be counted on to change the attitudes of the whites, they say, and may damage the interests of the blacks, and therefore should not be envisaged. Against the background of South Africa's double crisis—a domestic political crisis now multiplied by an external financial crisis—such perfectionism is out of place.

It has long been obvious that the primary forces making for reform of South Africa's apartheid system have been partly the result of internal contradictions in the system itself, partly the consequences of economic imperatives. These imperatives have, over the past decade or so, brought about some liberalisation of the restrictions governing black employment and black residence, because the economy could not do without more qualified, and more stable black workers in industry and commerce.

Political change

Conversely, it is equally obvious that foreign governments cannot expect to be able, on moral grounds, to be able to create, through sanctions, the conditions for reform if they do not already exist on the ground.

The question is not, then, whether foreign governments can bring about political change in South Africa through the blunt instrument of economic pressure, regardless of the domestic circumstances: but whether the constellation of forces at work in the republic at the moment is such that foreign governments have an opportunity to intervene significantly on the side of reform, not least by influencing the balance of the argument within the white camp. The utility of sanctions must be judged in the light of the circumstances.

The case against sanctions was strongest on pragmatic grounds during the 1960s and early 1970s, because the circumstances were least propitious: on the one hand, economic growth was bringing about (slow) economic liberalisation; on the other, the Government seemed largely in control of the political situation. There was little reason to suppose that it would be susceptible to political pressure from abroad, and certainly not on the core issues of political discrimination.

Today's circumstances are very different. In place of growth there is recession; the law-and-order situation is manifestly out of control; the constitutional reforms of 1983-84 have backfired, and the Government's political strategy appears to be in tatters; and the political crisis has fired a financial crisis which is unlikely to be resolved without reforms to recreate political confidence.

Limited Sanctions

It is sometimes argued that economic sanctions would be morally repugnant and counter-productive because their main impact would be to damage the interests of the deprived blacks. But in current circumstances, the case for sanctions is not that they would exert irresistible pressure on the South African economy—to do that they would have to be massive and internationally co-ordinated—but that they would send a political signal which might influence the debate between the whites. Conservative whites may believe,or hope, that the present crisis will prove a temporary difficulty which requires no fundamental concession to the political claims of the blacks; but unless foreign governments concur in this judgment, they have a duty to make absolutely clear that they do not support it.

Moreover, international circumstances have also changed. A number of western governments, starting with France and now followed by the U.S., have announced limited sanctions. For the British Government to cling, whatever its solemn declaration in favour of reform to its initial judgment that sanctions are futile and counter-productive, risks sending a contrary signal of blanket support for the Botha government, and would be doubly paradoxical in the light of Mrs Thatcher's publicised ban on any Bank of England help for the South African Reserve Bank.

The choice facing western governments is not between sanctions and no sanctions, but whether to send an unmistakable political message to Pretoria that change, long overdue, is now urgent and unavoidable. One step the Ten could usefully make today would be to tighten their Code of Conduct for companies in South Africa, and to make it mandatory. But whatever the measures, the West should convey to the South African that it will not help them unless they help themselves, through political reform.

RUSSIA'S OIL CRISIS

A big test for Mr Gorbachev

By Patrick Cockburn in Moscow

AT THE end of last week, Mr Mikhail Gorbachev, the Soviet leader, flew east from Moscow to the vast swamplands of Western Siberia, where most of the Soviet Union's oil and gas supplies can be found.

The reason for the visit is that in the last 18 months, the output of oil has fallen for the first time since the Second World War. Massive investment and a wholescale purge of oil industry officials, including the dismissal of the Oil Minister in February, has not succeeded in reversing the trend in the world's largest oil producing country.

Last year, oil output was marginally down at 613m tonnes and in the first seven months of this year it fell again by 4 per cent, compared to the same period in 1984. Oil exports, which produce 60 per cent of Soviet hard currency earnings, had to be sharply cut back in the first quarter of 1985, leading to a trade deficit of $2bn in contrast to a healthy surplus in the equivalent period last year.

Very cold weather last winter, well below minus 40 degrees centigrade, contributed to the drop in crude output. But the decline can be traced back to the over-rapid exploitation of the West Siberian oil reserves in the 1970s, which was regarded as the one great economic success of the later years of President Leonid Brezhnev. By 1981 there were plans to raise the output from West Siberia alone to 500m tonnes—but instead, the total has stuck at 365m tonnes and this year is already 15m tonnes behind target. A fifth of the wells in the area are not working because essential repairs are needed.

The shortfall is all the more serious because the oil reserves of West Siberia were intended to make up for the depletion of the oil deposits west of the Ural mountains. The Siberian crude accounts for 7.6m barrels a day compared to a total of 12.3m b/d.

The Press is filled with details of what has gone wrong

If the drop in output in the key oil province of Tyumen in *West Siberia continues, it will* disrupt the Soviet energy programme, which absorbs a fifth of the country's total capital investment. This strategy, as set out in the official programme, involves "the maintenance of high levels of oil extraction, rapid increase in the amounts of Siberian gas extracted and transported to the European parts of the country and the accelerated development of nuclear power engineering." A shortfall in any one area throws the whole plan out of gear.

The problem today is that the oil industry is paying the price for the subordination of everything to forcing up crude output in the late 1970s and early 1980s. The Soviet daily Press, technical journals and speeches by members of the ruling Politburo are filled with details of what has gone wrong. At the main oilfields "ever-increasing amounts of water are issuing from the wells along with petroleum," writes the Soviet daily Izvestia. "The time when the oil spewed forth from the ground in gushers under its own tremendous pressure is largely behind us."

Mr Gorbachev saw the consequence of past policies last week when he visited the vast oilfields of Samotlor, the largest *in the country if not the world.* Production peaked at 155m tonnes in 1980, but it did so, say Soviet oil specialists, at the cost of tearing up its production plan so that "oil production has run almost four years ahead of the construction of oilfield facilities." Almost Roubles 1.5bn of facilities of infrastructure originally considered essential to the running of Samotlor have not been built.

As a result of such failures, reservoir pressures have dropped, oil pipelines often crack (sometimes causing fires and explosions) and other pipes are badly corroded, says *Samotlor's chief engineer. Few* Soviet oil specialists are passing up the present opportunity to point out that they predicted such an outcome years ago.

"Our proposals have not been carried out at Samotlor," said the director of the Petroleum Industry Research Institute recently. He claims the Ministry of Chemical and Petroleum Machinery is 10 years behind in equipment deliveries.

Not everything can be blamed on bad planning or over-exploitation of existing reservoirs.

Tyumen province, where oil and gas were first discovered in large quantities in the 1960s, is among the least hospitable places on earth. A vast swampy plain, it stretches east from the Ural mountains across Siberia, frozen in winter and impassable in summer as the ice melts and the tracks dissolve into the marsh.

The Politburo has recently given priority to housing, electricity and roads. But even when these are built it will be difficult to get oil workers to live in an environment where oil wells are often isolated by floods or storms. Conditions are much worse than in the North Sea. Winter temperatures can drop to minus 45 degrees centigrade for long periods and some of the oilfields are in permanent frost areas where the ground is frozen hundreds of metres deep. This makes construction difficult and costly.

Reduction of waste, rather than a leap in production, is at the centre of the energy strategy being pursued by the new leadership

Infrastructure will take time to build up, especially since Mr Gorbachev made clear last week in Tyumen, as he had hinted before in Moscow, that the oil industry cannot expect a larger proportion of capital investment. Fuel and energy are already getting 40.8 bn roubles in 1985, an 11 per cent jump on last year with oil the biggest single spender. It absorbs 19 per cent of the capital investment going into Soviet industry as a whole. To invest more would disrupt Mr Gorbachev's plan to double the money spent re-equipping industrial plant in the old industrial centres of Moscow, Leningrad, Urals and the Ukraine.

The emphasis in current Soviet criticism of the oil industry is not shortage of investment but the way in which it has been spent. The call is for a complete management reorganisation. "The lack of one person in charge of the West Siberian oil complex and the corresponding lack of a balanced plan has created many substantial difficulties," says one senior central planner involved in Tyumen. He blames managers in the area for always looking to the different Ministries in Moscow as their ultimate masters, making central control impossible.

Few of the former stars of the Soviet oil industry have escaped unscathed since the news from Tyumen turned sour. Mr Nikolai Maltsev, the oil minister, lost his job at the start of the year together with senior Communist party officials involved in the oil industry in Tyumen. The ferocity of press attacks, which must have been sanctioned by the Central Committee secretariat, have increased as the news worsened over the last three years.

The criticism reaches to a high level. Mr Gennadi Bogomyakov, the Communist party leader in Tyumen since 1973, was strongly attacked this year by the daily Sovietskaya Rossiya which said that "his sharp and tutorial attitude" expressed at a party meeting called to discuss the problems of Soviet oil stifled all debate on what has gone wrong. Speakers from the floor were waved aside.

Communist party leaders subjected to such public attack sometimes survive but the casualty rate is high.

If new management is able to introduce advanced secondary recovery techniques into the oilfields, the gains in output could be substantial. According to Mr Vitali Vorotnikov, a senior member of the Politburo, the existing oilfields are being exploited to only 40 to 45 per cent of their capacity — he quotes Soviet oil specialists as saying that this can be raised to 60 to 70 per cent. He accuses economic managers in the past of assuming that the natural wealth of Siberia is boundless and neglecting conservation of its resources.

The reduction of waste, rather than a leap in production, is at the centre of the energy strategy being pursued by the new leadership. Consumption is set to rise from 470m tonnes this year to 484m tonnes in 1990.

The rest of the increase in demand, some 75-80 per cent of the total, is to be met by making economies, Mr Gorbachev said earlier this year. As an example, he said that 8m tonnes of petrol were unnecessarily burned every year because the Soviet truck fleet had been slow to shift to diesel.

The very wastefulness of the Soviet economy in using oil in the past means that there are now greater opportunities than in the West for conservation of resources. In 1983 the power stations were still using 2.5m barrels of crude of which 500,000 b/d has now been saved by substituting gas and another 1.1m b/d can be saved by 1990. The small boilers used for heating homes and factories against the Russian winter are extremely inefficient in the use of fuel.

Gas output has consistently been the bright spot in the Soviet energy picture, so a substitute fuel is available where bulk new power stations are built or old ones modified. At current rates of extraction there is enough coal to last for 7,500 years and only 18 per cent of Soviet hydro-electric power is utilised.

The scope for conservation is clearly considerable. If successful, it would also ensure that the Soviet Union has sufficient crude for the world market and to continue to supply Soviet allies in Eastern Europe with some 80m tonnes of oil a year. A further drop in supply from Tyumen would reduce the amount Moscow has available for both markets, leading to a sharp reduction in foreign earnings and potential political difficulties with Comecon.

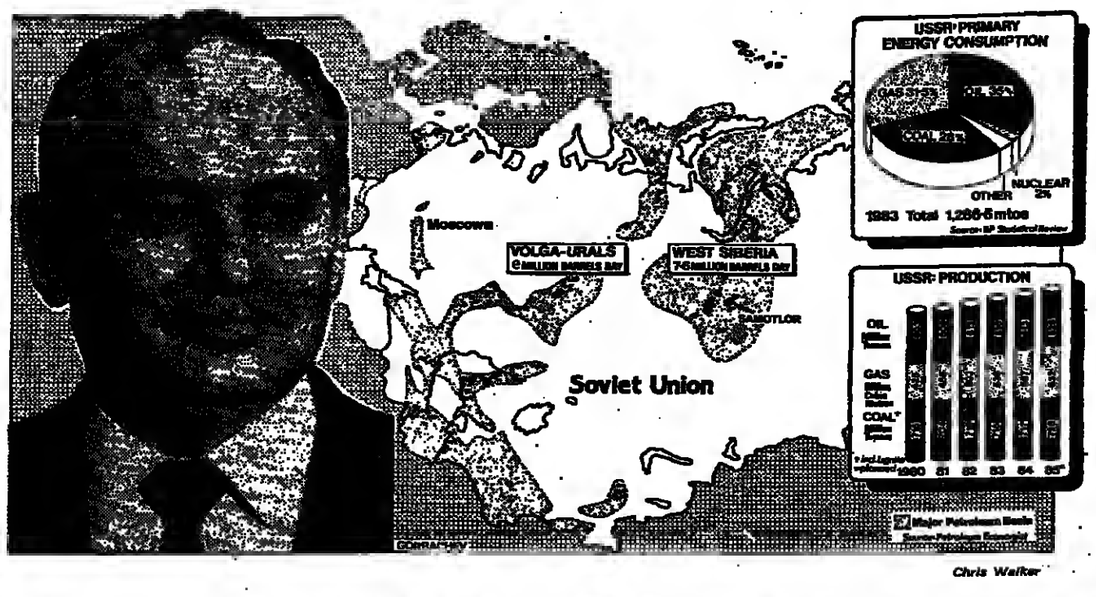
Overall, Mr Gorbachev also wants a better return from investment in the oil industry because he needs an early success in his campaign for economic reform. His central problem is that the Soviet Union does not have the capital resources necessary to refurbish existing plant with high technology equipment and at the same time continue to pour some 55 per cent of total capital investment into energy and agriculture.

Resources cannot be taken from other parts of the economy

Resources cannot be taken from other parts of the economy. Defence spending is apparently going up a little and Mr Gorbachev says he does not want to cut back on the supply of Soviet consumer goods.

This explains the strength of the reaction in the Kremlin to the fall in oil output in West Siberia over the past 18 months.

Given the narrow margins on which Mr Gorbachev is operating, he cannot afford to see the most successful economic programme of the Brezhnev years go spectacularly wrong if he is to reform the rest of the economy. A serious failure in the energy programme now would dislocate Soviet planning for the rest of the century.



Chris Walker

Guerrilla war in the classroom

OPTIMISTS who hoped that the long summer break would cool tempers in Britain's long-running teachers' dispute have been badly disappointed. If anything both sides now seem more intransigent than in July. Employers must be worried by the decision of the National Union of Teachers, the biggest and most militant body on the employees' side, to step up its programme of classroom disruption and to threaten short-notice "guerrilla strikes." Newspaper stories of a comprehensive school in the north of England which is paying senior pupils to perform teachers' lunchtime duties in order to keep the school open can hardly improve the morale of Education Department officials.

The NUT, for all its bravado, must also be increasingly worried by the Government's firm line. Sir Keith Joseph, the Education Secretary, was not moved in last week's Cabinet reshuffle: in present circumstances this can only be interpreted as a vote of confidence in his handling of the dispute. The unmistakable impression is of both sides digging in to defend their positions, preparing, it might appear, for an arduous winter campaign. Such an impression was reinforced yesterday when Sir Keith turned down flat some seemingly mild proposals from the moderate representatives of head teachers.

The head teachers advanced the superficially beguiling argument that so far as the 1985 pay claim is concerned very little separates the local authority employers and the unions. The education of hundreds of thousands of schoolchildren is being badly disrupted, it might seem, for the sake of £40m or so and because Sir Keith will not relax his demand that the NUT make negotiate new conditions of service and a new performance related pay structure.

In truth, the idea that both sides have overlooked some simple compromise is disingenuous. Sir Keith and the unions, led by the NUT, remain poles apart. The NUT wants to preserve the principle that pay and conditions of employment are discussed separately; it still seeks to use its sheer muscle to win a big award to restore allegedly eroded differentials. Sir Keith wants to usher in a new, more rational order in which productivity, market forces and tighter job definitions all help determine the appropriate pay scales.

Submission

If schoolchildren were like lumps of coal, Sir Keith's strategy of calmly sitting out the dispute might be justifiable. The NUT has proved itself as unreasonable and as intransigent as the National Union of Mineworkers and, it might be argued, must be similarly cowed into submission. The problem is that such an approach may not succeed for many months; in the process some children's futures could be irreparably damaged.

In the interests of parents, teachers and children, the Government needs to end the dispute quickly; educational considerations rule out the waiting game strategy which serves well in some industrial disputes. The hope must be that Sir Keith, with the assistance of Mr Christopher Patten, his new Minister of State, will try harder to speak over the heads of the unions to ordinary teachers. His £1.25bn restructuring package needs to be marketed much more aggressively; if more teachers understood better the nature of this offer, fewer might acquiesce in today's classroom disruption

Aunty raises her voice

THE BBC may be a bit sniffy about accepting ads on its hallowed airways, but being realistic, it has just appointed itself an advertising agency. After one of the most secretive pitches recently seen—the four competing agencies were initially told to arrive at a given address, no names mentioned — agency Lowe Howard-Spink Campbell-Ewald has collected the BBC's first-ever advertising account.

The corporate campaign, which needless to say will not include commercial television, is due to start shortly in the press and comes after a sticky six months for the BBC. There has been the licensing debate, the threat of job losses and the controversial Northern Ireland documentary among other problems.

The main thrust of the campaign, which was orchestrated by the director-general himself Alisdair Milne, is to highlight the quality and choice of the corporation's programmes which it feels are underestimated by the public.

For Lowe, whose victory was a close-run thing, the win is a distinct feather in the cap. If it works well, the campaign, initially worth about £1.25m, looks set to run and run . . .

Backing brokers

In between jobs Roy Dantzic, aged 41, an energy man to his finger-tips, has been deploying his surplus energy by losing weight. At a celebrated "fat farm" he shed half a stone last week before departing for a holiday in the sun.

Dantzic will return as a director in London and Scottish brokers' Wood Mackenzie's corporate finance department.

For the last 1½ years he has been European md of Dillon, Read, the old-established New York investment bankers.

Dantzic, an accountant, cut his teeth with Coopers and Lybrand and went on to the corporate finance department of Kleinwort Benson, and then the corporate finance department of Drayton Corporation.

After Drayton merged with Samuel Montagu in 1974 he became a board member of Montagu.

He became close to Philip (now Sir Philip) Shelbourne at Montague, and the two left to join British National Oil Corporation—Shelbourne as chairman and his protegé Dantzic, as finance director.

Dantzic sees himself as "essentially a City man" who has been gaining valuable experience outside.

He sees his re-entry into the world of the City as an opportunity to play a higher profile role as a broker. "Frankly," he says, "I prefer the future role of the brokers to that of the merchant banks."

Men and Matters

"I'd like a pint of anything that's not brewed in Scandinavia or liable to an Australian takeover bid"

Party games

The SDP has arrived. The lobbyists have descended in force on the party's annual conference in Torquay. Nationalised industries and private companies with an axe to grind have taken space in the exhibition tent and some have organised receptions and fringe meetings.

To the fore is British Airways whose smart stewardesses are handing out leaflets — while television sets around the headquarters hotel show promotional film featuring Concorde.

The two rival Channel fixed link consortia have also turned up. The Channel Tunnel Group held a meeting on Sunday evening attended by 30 people, while the rival Euro Route group have a stall with a push-button model of how its combined rail/road-link would work. Lights shine on both sides of the channel.

In the same tent the stall of the "Greens" has been juxtaposed with those of the big energy industries — the Central Electricity Generating Board, the Electricity Council and British Nuclear Fuels.

The CEGB has stepped up its presence this year. In the past it has had a static display but now feels that some of its staff should be present to argue the case in person for a more flexible energy policy and for more power stations, including nuclear ones.

However, few of the delegates seem interested in these projects. They prefer the more conventional political stands — showing them how to print leaflets to get elected.

Danny's chance

"Things are a bit chaotic at the moment," confesses John Danny, chairman of Grovewood Securities, an industrial holding company owned by BAT Industries.

But that is hardly surprising. BAT has given Danny until just before the end of the month to try and organise a management buy-out to match a £140m offer for Grovewood from an unnamed British company which materialised last week.

The timing may be tight but the fact that BAT has given Danny the opportunity reflects the remarkable role he has played in building up Grovewood since he became chairman in the 1950s.

The company was originally set up in the first world war to provide respectable homes for women workers. Danny's involvement began in 1952, when he gave legal advice about some women-only flats in Hampstead.

He stayed, gave the company a new name, and steered it towards the role of industrial entrepreneur long before the idea became fashionable.

Its interests now are spread remarkably widely, ranging from ownership of the Brands Hatch motor racing circuit, through plastics and engineering, to a pram manufacturer.

Danny runs a tight headquarters — just 15 people — from his modest offices in a detached house behind Lords cricket ground.

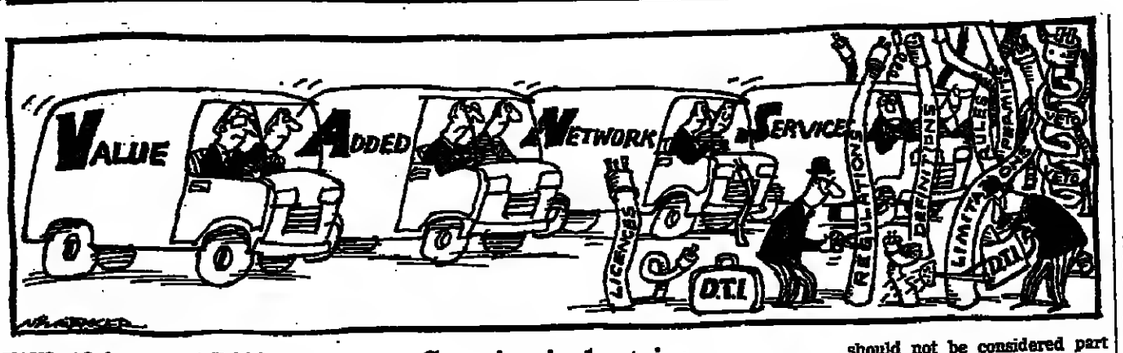
His business philosophy is equally individualistic. "First, I don't deal with, or employ, people I don't like," he said yesterday. "Second, they have to be experts in their field. Get that combination and you can't go wrong. That is the secret of Grovewood."

And how long can a merchant bank expect Danny to stay in the saddle? It is a bit difficult to work that one out as he will not divulge his age. But he has been chairman for 30 years and presumably was *out* of short pants when he took the job.

Motivated

Bumper sticker on a car heading into Manhattan, "I owe, I owe, so off to work I go."

Observer



Sunrise industries

The muddle that is slowing Vans

By Guy de Jonquieres

VANS, AS far as most British Telecom subscribers are concerned, are the yellow vehicles which arrive whenever the telephone goes wrong. But to the telecommunications and computer industries, the term "Vans" is shorthand for an exciting growth business and — increasingly — for a classic case of Whitehall muddle.

In industry usage, the word stands for value-added network services, a new breed of ventures which exploit the commercial possibilities opened up by the widening overlap between computing and communications technologies.

Since the British government began liberalising telecommunications in 1981, it has licensed about 600 Vans — more than in all the rest of Europe. These include "mailbox" systems for sending messages between personal computers, electronic reservation and credit card verification services and videotex information networks such as BT's Prestel.

Novel as today's Vans are, though, many in the industry see them as only primitive forerunners of a coming "information economy," whose central nervous system will be a pulsating network of electronic arteries linking offices, factories and homes. In a nutshell, just the sort of glamorous "sunrise" industry which the Thatcher administration wants to promote.

But the dream is in danger of turning into an administrative nightmare for the Government. Its efforts to speed the development of Vans have become caught up in an extraordinarily complex regulatory thicket and drawn sharp criticism from the very industries it is trying to encourage.

In part, its dilemma reflects the difficulty of devising a sensible framework to regulate services which defy precise definition. But a growing number of critics contend that the Government is also paying the price for an over-hasty and poorly thought out approach to the reform of telecommunications, which led to the setting of too many contradictory objectives.

In particular, the Vans imbroglio calls into question a central tenet of the Government's policy: its commitment to limit national competition in "basic conveyance" — the physical transmission of communications — to BT and Mercury until July 1989. The aim is to allow BT time to reorganise and adjust its tariffs and to give Mercury a chance to build a business.

The intention is that after 1989 new competitors should be free both to set up their own networks and to buy circuits from BT and Mercury and re-sell capacity to other users.

Vans can already involve some re-sale of BT and Mercury capacity. But official policy to date has favoured such networks, provided they offer some extra service as computerised information processing or storage and are not simply a backdoor way of breaching the BT/Mercury national duopoly over basic conveyance.

This fine distinction has been put to the test, however, by the emergence from the communications jungle of a shadowy new creature known as a managed data network (MDN). The first such venture, code-named Jove, was jointly proposed by BT and International Business Machines (IBM) last year.

Jove was conceived as a specialised service which would knit together the data processing installations of large organisations such as banks, insurance and manufacturing companies into an extensive integrated network. As such, it begged the awkward question of whether it was a Vans or a basic conveyance system—or both.

In the event, the Government ducked the issue. It vetoed the BT/IBM joint proposal on competition grounds but said it would be prepared to consider other similar projects in the future.

The result of its deliberations was published last June as a consultation document. This recognised that earlier efforts to draw boundaries by defining Vans had proved unsatisfactory. Instead, the Government sought to lay down dividing lines by defining basic conveyance. MDNs would be classed as basic conveyance and would be permitted, so long as they carried only computer data and not ordinary telephone messages.

But the Department of Trade and Industry's attempts to clarify the rules seem only to have muddied the issue still further.

As well as disputing the Department's suggested definition of basic conveyance—a convoluted sentence 81 words long—many respondents have complained that the proposed licensing arrangements would not meet their needs and are so complex as to be almost unworkable.

But the most widespread objection is that if MDNs are classed as basic conveyance, there would be nothing to prevent BT from gaining an unfair advantage by cross-subsidising from its public network revenues any MDN it launches.

Ironically one of the angriest objectors is IBM, BT's erstwhile partner in Jove, which is already operating its own MDN on a pilot basis for the insurance industry. Other companies planning to start similar services include ICL, the British computer company, and Electronic Data Systems, part of General Motors. ICL has won a contract to provide a network linking retail stores' computers directly to those of their trade suppliers so that new stocks can be ordered electronically.

IBM contends that MDNs should not be considered part of basic conveyance. The Government argues, however, that that would remove any obligation on BT and Mercury to offer MDNs as universal services available nationwide and could slow their rate of development. Such an obligation, according to Whitehall, would offset any benefit BT might gain from the freedom to cross-subsidise.

A more practical explanation for the Government's position is that to prohibit BT from cross-subsidising MDNs would require an amendment to its licence, which BT would almost certainly oppose.

Mercury is unhappy, too. It objects that the Government's proposals undermine much of the original purpose of the "duopoly" protection from which it was supposed to benefit.

In many ways, bringing forward the 1989 deadline appears to offer the simplest solution. The DTI itself concedes that its proposals for regulating Vans and MDNs are based on largely artificial distinctions for which the only justification is political.

However, the Government's commitment to the 1989 deadline is enshrined not only in the BT and Mercury licences, but also in the prospectus for BT's share flotation last year. Reneging on it so soon could lead to the embarrassing spectacle of Ministers being sued by BT shareholders.

Hence the more likely outcome is that the DTI will seek to coax a reluctant industry into accepting its proposals. Almost nobody regards them as satisfactory, and they pose serious problems of implementation.

All the DTI ministers responsible for formulating the original policy have, of course, now moved on, leaving Whitehall officials to pick up the bait.

But the number of senior officials versed in the often arcane intricacies of telecommunications policy is being rapidly depleted. Half-a-dozen of the most able have already left for jobs in the private sector, and by the end of this year all of those involved in the BT privatisation will have been replaced.

Gaddafi's Libya

Why testing times lie ahead

By Tony Walker, recently in Tripoli

AFTER 16 turbulent years in power, Colonel Mummar Gaddafi faces serious and growing problems that are shaking the foundations of his rule. His country appears to be growing weary of revolution.

Libya finds itself in an increasingly hostile environment at a time when a slump in oil revenues is causing domestic hardship. The expulsion of thousands of guest workers is merely one symptom of the economic malaise.

The stark fact is that Libya's earnings from oil have slumped from more than $20bn in the early 1980s to an anticipated $8-9bn this year, forcing the Government to institute an austerity programme and Col Gaddafi to rein in some of his more grandiose schemes.

According to an experienced Western observer, grumbling among Libyans, certainly in Tripoli, is widespread. The country, he says, is suffering from "terminal exhaustion" after years of frenetic leadership.

Col Gaddafi, in recent speeches, has shown himself sensitive to indications of disquiet brought on, in part, by rising prices and shortages in the shops. He has urged his people to work harder and do without luxuries.

Defence continues to be given a high priority

This was an important theme of an address he gave in Sabha, an oasis town in central Libya, to mark the September 1 anniversary of his coming to power in a bloodless coup that overthrew the monarchy. His speech was frequently interrupted by young, chanting zealots from revolutionary committees around the country. These "revolutionary guards" are described by one Western diplomat in Tripoli as "Gaddafi's main pillar of support."

The surge in the influence of these revolutionary committees is regarded by some Libyans as an ominous development. They are active in most institutions, including the military, where their members perform a propaganda, and perhaps an intimidatory, function.

At Sabha, a repeated refrain of young Gaddafi-ites, who massed in their thousands, was that there was no alternative to the colonel which may have been intended as a message to Libyans who have other ideas. Since an attempted coup in May last year rumours of internal opposition to Col Gaddafi's rule have become more persistent, according to Western residents in Tripoli.

Col Gaddafi: call for austerity

There are signs, they say, of tension between the colonel and the military which is unhappy about the Libyan leader's frequent calls for abolition of the regular army and its replacement by what he described in his Sabha speech as an "invisible armed people."

Col Gaddafi's oft-stated view is that security is better guaranteed by placing all citizens under arms and doing away with institutions that are vulnerable to internal or external pressure. There has been no recent evidence, however, of changes in the command structure of the military.

Defence continues to be given a high priority in spite of the economic squeeze. It is estimated that Libya is spending about $1bn, or 10 per cent of its hard currency income, on military hardware. Surrounded, as it is, by hostile neighbours, the country would seem to have little choice but to maintain a high level of defence preparedness.

The expulsion of thousands of Tunisian and Egyptian guest workers has sent already strained Libyan relations with Tunis and Cairo to new lows.

In Egypt, President Mubarak warned that "those who committed this mistake are going to pay a very high price." He had described the expulsions as "inhumane." Algeria was also angered by the expulsions and the implied threat to Tunisia.

President Chadli Benjedid visited Tunis early in September to express support for Tunisian "security and defence." Algeria, Tunisia and Mauritania are joined by a 1983 Friendship Treaty now made more relevant by increasing tension between Libya and its neighbours.

Colonel Gaddafi has dismissed claims that Libya's difficult economic circumstances forced the expulsions. He argues that the decision was taken several years ago by "people's congresses," the basic unit of Libyan-style participatory democracy, and was now being implemented.

He justified the expulsions on the grounds that they were part of a drive to encourage Libyan self-reliance—but there seems little doubt that a critical hard currency shortage forced Colonel Gaddafi's hand.

Guest workers remitted more than US$2bn from Libya in 1983, the peak year, when they accounted for some 300,000-350,000 people (excluding families), or about 45 per cent of the workforce. By 1984, numbers of foreign workers had been reduced by about 100,000, according to unofficial estimates in Tripoli, and the remittance outflow was down to between US$1bn-US$1.5bn.

It is unclear how many workers have been forced out in the past year, but numbers could now be down to about 150,000-200,000.

Libya's economy already showing signs of strain, is likely to be seriously affected if there are further mass expulsions. Bread queues in Tripoli — the Tunisians had a big hand in running the bakeries — and abortages of meat, fruit and vegetables in markets in various centres, including the capital, are being blamed on the expulsions.

Libya's foreign exchange reserves slumped from more than U.S.$13bn in 1980 to U.S.$3.5bn in May this year, and there is no prospect of them being represented as long as the oil market remains weak.

While Libya has little outstanding foreign commercial bank debt, it is heavily in arrears on payments to contractors who flooded into the country in the 1970's. It is estimated that the amount unpaid to these creditors amounts to between U.S.$3-4bn. The biggest creditors are the Italians who are owed about U.S.$1bn followed by the Turks, West Germans, South Koreans and Japanese.

Libya's military debt to the Soviet Union, its main supplier, is thought to total between U.S.$4-5bn. A clear indication of Libya's economic difficulties was the cancellation early this year of dozens of contracts for projects such as roads and railways.

Road and railway contracts have been cancelled

In spite of the apparent economic gloom in Tripoli, Western officials say that Libya's problems should be kept in perspective. Its oil sector remains efficient and is virtually untouched by upheavals that are affecting other areas of the economy.

"As long as he keeps the oil economy in good shape, he has time to work on his other problems," said one official, who gave Colonel Gaddafi credit for infrastructure developments and improvements in health, education and housing.

But, for Libya's mercurial leader it appears there are some bleak times ahead. Until the oil market improves he may well be facing most difficult and dangerous period of his years in power.

Letters to the Editor

Computer aided design

From the Chairman, Michael Peters Group

Sir, — Alan Cane's article (September 3) on "How an electronic paintbox adds power to the designer's elbow" was no doubt stimulating to those outside the communications industry. Within the industry design consultants have for a number of years been looking carefully at the specific capabilities of a computer. Let's have a look at what the computer can really contribute to commercial design.

The advantages are primarily concerned with efficiency in terms of time and quality of presentation. For example, a computer will cut corners on colour variations and adaptations to shapes and sizes. Additionally, a computer will present the concepts on video, or in a slide form. Ultimately (we hope) a computer will produce finished artwork. A computer, however, will never replace a designer's resource. A good designer will continue to be highly prized and valued on the basis of the quality of his or her conceptual thinking and generation of ideas. At this initial stage of a design process, whether we are talking about packaging, new product development, corporate identity or shop design, a computer simply cannot compete. The terrific benefit to the designer and the communications industry at large is that the advent of the paintbox and similar computer capabilities will free the designer to spend more time on idea initiation and less time on its presentation.

In my opinion, therefore, the most significant implication is that our ideas should be even sharper and more commercially sound than ever before.

Michael Peters.
3, Olaf Street, W11.

Using the state schools

From Mr M. Ketterer

Sir,—David Mitchell (Sept 5) advises parents that if they create a "full and happy home life" for their children, they may happily place them in the state school system. This will save their money and preclude their fooling themselves that their motives are "educational and not social."

Mr Mitchell lives in Suffolk, and he may be lucky. Where I live, many parents feel that they have no tolerable option but to try to give their children the benefit of a private education. Some of these parents are themselves teachers in the state secondary school system.

They have brought up their children in homes full of love and joy, full of respect for persons and the intellect. And they know the gauntlet run by the well-spoken, intelligent, sensitive child facing six years in the state schools they know of.

Teachers are demoralised. Guidance (social work) is the only growth "subject." Funding in real terms is cut yearly, while ridiculous bureaucrats think up novel curricula for a future without jobs or hope. Classroom discipline and respect for learning understandably have gone by the board.

It is incidental which political wing is responsible for the crisis in state education. Many parents just thank God for private education (and the assisted places scheme).

Martin Ketterer.
26 Eastercraigs, Glasgow.

Motives for education

From Mrs R. Anderson

Sir,—I would like to reply to David Mitchell's letter of September 5 about parents sending their children to fee paying schools for social motives and as an alternative to proper parental care and interest.

I believe Mr Mitchell's remarks could not be further from the truth and are based on possible ignorance of the British public school system which is somewhat of an "unknown quantity" to the average man in the street who, for financial reasons, simply has no alternative but to use the state system for his children.

I feel privileged to have been given the opportunity of having my two children privately educated due to the fact that my husband is in the Army and is, therefore, given a reasonable grant to do so. Nevertheless, we have constant recourse to "use the cheque book" as Mr Mitchell puts it, to supplement the cost of school fees and consequently, do not enjoy the quality of life we would otherwise have. It is certainly not used as an "alternative" to proper parental care and interest, the opposite is indeed the case when you consider the extra time, cost and effort required in the continual round of taking, collecting and frequently visiting our children at schools which are unfortunately geographically situated a long way from each other.

I am happy in the knowledge that I have two well-balanced, much loved children, albeit away from home, attending sound academic schools based on solid traditions, where they are also taught the basic moral principles of kindness and consideration towards their fellow men. There are no overcrowded classrooms or the disruption of teachers going on strike. If this is "private education being the worst value for money anywhere" as Mr Mitchell states, then I hope this letter has gone some way in highlighting how ill-informed and bigoted he appears in making the remark in the first place.

(Mrs) Rebecca Anderson,
11 Stephenson Road, Arborfield, nr Reading, Berks.

Benefits of independence

From Mr M. Barnard

Sir,—Mr Mitchell's inference (September 5) that the parents of children at independent schools are uncaring and disinterested is not only insulting, but also the exact opposite of the true state of affairs.

In my experience, the independent system offers the benefits of discipline and the pursuit of excellence, which the state system does not, and it is these two tenets which motivate parents to use independent schools, often at great personal sacrifice.

If he wishes to talk about money, has Mr Mitchell considered what the effect would be on the state system if every independent school pupil were to be transferred to state schools? At present, in excess of 5 per cent of schoolchildren are in independent schools, while their parents pay through their rates and taxes, for places in the state system which they do not use. In short, these parents pay twice for education, thereby subsidising the state system, year after year. This subsidy is far greater than the cost to the taxpayer of training teachers who work in the private sector, in the first place. If the independent school pupils and their teachers were transferred to the state system, it would be totally unable to cope since there would be no additional revenue forthcoming.

Mr Mitchell can rest assured that a parent who pays twice, will make absolutely sure that he is getting value for money, or he will very rapidly make changes. Remarks about benefits for money spent should be addressed to the supporters of the comprehensive education system.

M. J. Barnard.
Ivydene, Chadwick Hill, Stourport-on-Severn, Worcs.

The children gained

From Mr R. Hopkinson-Woolley

Sir,—My four children do not agree with David Mitchell (September 5). Circumstances forced me to send them to a variety of state schools between 1973 and 1977. They are certain they benefited far more from their independent schools than from the state schools. I suggest it is rash to pay too much attention to sweeping generalisations that smack more of prejudice than of knowledge and experience.

R. A. Hopkinson-Woolley
Pengwern House, Oakley Street, Shrewsbury.

Elected leaders

From the Chairman, Liberal Party

Sir,—Mr P. O'Shea (September 5) wrongly suggests that none of the political parties allows their members to directly elect their leaders.

Mr David Steel was elected leader of the Liberal Party in 1976 by the mass membership of the party, and the leader of the SDP was also elected by a ballot of the membership.

Paul Tyler.
1 Whitehall Place, SW1.

Deputy chairman at a whim?

From Mr E. Chalker

Sir,—Unlike Mr Pace O'Shea (Sept 5), I am unable to speak with confidence on the state of democracy in other political parties. I do endorse his challenge to you in respect of the Conservative Party, however.

Not only have Conservative leaders "failed to democratise" our party, but with the appointment of Jeffrey Archer as "deputy chairman," we discover that our conventional (since we have no formal) constitution can even be changed on what may simply be a personal whim, as no such position has been recognised in the past.

Eric Chalker.
(Editor, Charter News),
31 Ingleside Close, Beckenham, Kent

Site value rating

From Dr J. Catch

Sir,—Advocates of site value rating seem blind to a fundamental point. Costs of local government service (I repeat, population-related) and redistribution of wealth are different things, on opposite sides of the balance sheet. Jumbling up the first with a part of the second may seem an administrative economy but is thoroughly bad management.

(Dr) John R. Catch.
Wreyland, Broomborn Lane, Great Missenden, Bucks.

No way avid

Sir,—Is your TUC sketch writer really named Ivo Dawnay? Given the somewhat tired and flatulent observations made in that column all last week I feel "a void yawn" might be a more appropriate soubriquet.

Jim Sutherland.
National Union of Public Employees.
20, Grand Depot Road, SE18.

FINANCIAL TIMES

Tuesday September 10 1985

Stewart Fleming examines the background to President Reagan's about-face on S. African sanctions

U.S. policy of private pressure fails

TWO DATES at the end of 1984 – November 6 and December 4 – can be market out as political turning points which led up to yesterday's dramatic decision by President Ronald Reagan to abandon his fierce opposition to the imposition of economic sanctions on South Africa.

It was on November 6 that President Reagan won an historic landslide victory in his re-election campaign, a 49-state sweep which returned him to the White House full of confidence – perhaps too full, some critics are now saying – while humiliating a divided Democratic opposition.

Some in the party, particularly traditional liberal Democrats and blacks, were grasping desperately for an issue around which the fractured Democratic coalition could rally. They saw that the growing opposition in the country to the repugnant apartheid system and President Reagan's ineffectual policy of "constructive engagement" with the Pretoria Government was one such rallying point.

After four years of "constructive engagement," a policy approach which claimed that private pressure on Pretoria rather than public posturing would bring about apartheid reforms, there was a growing feeling in Washington that it was simply not working out that way.

The architect of that policy in the State Department, Mr Chester Crocker, was increasingly perceived to be a man primarily interested in trying to resolve in America's favour the geo-strategic issues relating to the future of Namibia and Angola.

Mr Crocker, to try to achieve this, needed the co-operation of the white South African Government. This blinded him to the danger that events in South Africa and the repercussions in the world's financial markets could overwhelm, as they have done, the "constructive engagement" policy.

On December 4, partly as a result of growing unease with Administration policy and partly because of a sense that the Republican Party needed to define foreign policy issues in terms which could not be attacked as morally inconsistent, 35 predominently young right-wing Republicans sent an open letter to the South African Ambassador to the U.S.

The letter, written against a background of mounting violence in South Africa and a string of symbolic arrests of protestors outside the embassy in Washington, pulled no punches. It questioned directly Pretoria's commitment to reform – and therefore White House policy towards South Africa – and warned that the congressmen would seek to change U.S. policy towards South Africa if the situation did not improve.

At a stroke the right wing of the Republican Party, which had placed fighting communism in South Africa as a priority rather than moral consistency, was split. With it was lost the certainty that Republicans in Congress could block Democratic moves to pass sanctions legislation.

The split was underlined last month. The Rev Jerry Falwell, the right-wing conservative who leads the fundamentalist "moral majority" movement in the U.S., blundered into South Africa at the behest of some Administration officials, and blundered out again describing Bishop Desmond Tutu, the Nobel Peace price winner, as a "phoney," a remark the U.S. President had to disown.

The visibility of the South African issue increased in January when Senator Edward Kennedy, a man of shrewd political instincts, made a controversial visit to the white-ruled state, as a growing number of prominent political leaders and public figures became involved. On August 12, Mr Paul Newman, the actor, New York's Mayor Ed Koch and the Rev Jesse Jackson allowed themselves to be arrested outside the South African embassy in Washington.

The political dynamics of the situation could be seen in the strengthening of the business community's criticisms of Pretoria. This culminated in the announcement by Chase Manhattan bank on August 1 that it would make no more loans to Pretoria, a statement which many now say precipitated the financial crisis the nation now faces.

On the same day the House of Representatives passed by a vote of 380 to 48 the compromise Bill to impose economic sanctions. The Bill would certainly have been passed in the Senate this week if the President had not acted, and probably by a big enough majority to override a presidential veto.

No account of the political background to the President's decision would be complete, however, without a reference to the swelling media coverage of the violence in South Africa, above all the daily television pictures of violence among and against blacks, all too reminiscent of the riots in American cities in the 1960s. Everyone in Washington except, it seems, the President's advisers, could see that each day's pictures eroded the foundations of "constructive engagement." Even the White House was shocked by President P. W. Botha's prevarications over reforming apartheid in his speech last month.

Mr Reagan, with his abrupt policy reversal, may have successfully headed off a humiliating public defeat in Congress, but ha is left scrambling to find solid ground on which to rebuild a South African policy which is now in shreds.

South Africa's financial crisis alone means that "constructive engagement" has been overtaken by events. The Administration is left to ponder such questions as how far it will go in encouraging America's commercial banks, the Federal Reserve Board or the International Monetary Fund to help Pretoria and how it can constructively help to bring about reform of a collapsing political system in South Africa.

THE LEX COLUMN

A personal touch from Levers

It is almost a year to the day since Unilever shrugged off its sheep's clothing and bounded off in pursuit of Brooke Bond. Yesterday's approach to Richardson-Vicks was more ovine than lupine but Unilever left no one in much doubt that, if it failed to cajole its prey into acquiescence, it would be ready to show its teeth.

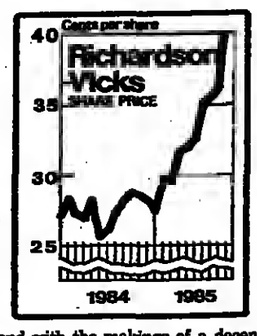
A hostile tender offer for Richardson would be a far more daunting proposition than the takeover of Brooke Bond, which, after Tate & Lyle had tried and failed, was almost a sitting duck for Unilever. In this instance, the Richardson family already speaks for almost a third of the company's equity and, if the current share repurchase programme is completed, that stake would rise to over 40 per cent. The family is also planning to acquire more shares in the market.

If all else fails, Richardson can retreat behind an artillery of "shark repellents" and other anti-takeover devices that have few equals for either number or nastiness. Confronted with such an intimidating defence, Wall Street has almost rejected the idea that Unilever will proceed with a hostile bid. Yesterday, Richardson shares were trading roughly $10 below Unilever's proposed $54-a-share proposal.

But it would be premature to write off Unilever's chances. Its advisers, Lazard Freres and First Boston, must have known what to expect and have a few weapons of their own. A substantial proportion of the Richardson family shares are held in trust and it only takes one disgruntled beneficiary to fill a court-room.

Richardson-Vicks looks such an attractive prize that Unilever may very well be prepared to plough through the inevitable litigation. The initial proposal represents an exit multiple of around 18 times, which is not out of order for a U.S. personal-products group with strong brands and market leadership. If Unilever could keep its funding costs below 10 per cent – which it could now achieve in the commercial paper market – the acquisition would cover its financing cost in year one.

And that would only be the start. Richardson would give Unilever a critical mass in the U.S. personal-products industry for the first time and would provide an entry into the skin-care market, a field with which Unilever's biochemists are admirably equipped to cope. It would also supply Unilever with direct access to drug stores – Lever Brothers itself sells mostly through grocers – and with the makings of a decent portfolio of non-ethical drugs.



Outside the U.S., Unilever might eliminate as much as $50m of annual overhead by integrating Richardson's product range with its own. Richardson's record does not provide much of a defence. Earnings per share were lower in the latest year to June than in 1979–80. But, if Unilever goes ahead, the outcome may be determined not by the merits of the offer – and Unilever would almost certainly pay more if need be – but by the resilience of Richardson's defensive wall.

Sterling

Yesterday's figures from the UK Department of Trade and Industry on August inflation and retail sales were all very encouraging, but the gilt-edged market had bigger fish to fry. If Friday's message about employment across the Atlantic was enough to sweep away any lingering doubts about the bounce in the U.S. economy, and the dollar, yesterday brought some bad news for sterling of its very own. With reports circulating in rather more convincing form that Saudi Arabia will seek to recoup market share by selling oil at lower prices, the spot oil market tumbled and sterling closed a good 2 cents down against the dollar.

A 0.2 per cent fall in input prices certainly leaves the more optimistic assumptions for Friday's retail price index intact: if higher sterling oil prices wrought little damage in August, there need not be much anxiety on that front especially with the prospect of some huffing and puffing on prices before the Opec meeting, not only from Saudi Arabia.

A less promising case can be made for retail sales. The 0.4 per cent increase in August may have something to say about consumer spending in dismal weather, but today's figures on lending to the personal sector will have much more to say on how much this is being financed through consumer credit. The gilt-edged market may be in healthy shape, thanks to heavy dividend payments and light official funding, but it is fixed on the dollar exchange rate and sterling's performance against the European currencies.

The market has quite given up discounting a base rate cut on exchange rate grounds and any signs that consumer credit might clash with demands from the corporate sector before the phasing out of capital allowances would just make matters worse.

Euroferries

There is obviously no point in upbraiding Euroferries for excessive concern with public relations; when the next news after a rights issue is the halving of profits, it must be assumed that the company has its eye on higher things than its stock market rating. But at least the City of London seems willing to take the company at its word, which is to say that interim figures – showing pretax profits of £5.6m against £11.7m for the six months to June – are approximately meaningless. The share price even ended a penny higher at 126p.

Operationally, Euroferries has always been skewed towards the second half; and the peak cross Channel traffic is these days joined by an unbalanced and unpredictable contribution from the group's property activities in the U.S. sunbelt. Moreover, the first half of 1985 has had to absorb the costs of absorbing P&O's cross Channel operation without receiving any benefit from the rights issue proceeds or taking in anything from the stake in Stockley.

The upshot is that profits for the full year could be nearly 10 times those for the first half – or perhaps a little less, given a touch of scepticism about the amount to be taken in from Houston and Denver. That does not represent a particularly exciting rate of advance; excluding the rights, the year may not show more than £2m to £3m of progress before tax. That throws attention forward to 1986, if not to 1987, when transitional costs on the Channel fleet should be through and Felixstowe making a return on current investment. Meantime, perhaps it could be worth thinking about casting the interim figures into a less volatile and more indicative form.

Coface seeks to expand activities

By Paul Betts in Paris

COFACE, France's export credit guarantee agency, wants to increase its activities in support of small and medium-sized companies by making export insurance coverage procedures simpler and more accessible for smaller concerns.

M Henri Baquiast, Coface's new chairman, said yesterday that French exports continued to remain too heavily concentrated on large contracts and on large enterprises.

However, he noted that for the first time last year there was a shift in Coface's export insurance business with short-term coverage for consumer and light capital goods exports slightly exceeding medium-term coverage for large capital equipment contracts. This trend was continuing this year in the face of the flattening of the large capital goods export market because of the difficulties of developing countries.

Coface coverage last year totalled more than FFr 240bn ($22.7bn) of exports, of which FFr 119.9bn involved large contracts. The agency had to pay claims of FFr 8.2bn on these contracts compared with FFr 8.7bn in 1983. Although lower, the claims figure last year remains particularly high if compared to the FFr 5.8bn claims paid in 1982 and the FFr 3.6bn paid the year before.

But despite continued problems on some large contracts and in some countries Coface managed last year to offset its claims with FFr 8.6bn in revenues from premiums and funds recovered from previous claims. Premiums rose to FFr 3bn last year from FFr 2.6bn the year before, while funds recovered rose significantly to FFr 5.6bn from FFr 2.6bn the year before.

This high level of recovery was largely the result of debt restructuring agreements in a number of countries where France has major export exposure.

The amount of medium-term coverage for large contracts declined from FFr 135bn in 1983 to just under FFr 120bn last year. By contrast the amount of short-term coverage rose from FFr 100.1bn in 1983 to FFr 120.6bn last year. Short-term claims on consumer and light capital goods contracts totalled FFr 856m last year and were offset by premiums of FFr 606m and recovery of previous claims of FFr 251m. Coface returned a profit of FFr 1.1bn last year compared with heavy losses the two previous years.

New doubts arise in Bonn over value of star wars research

BY PETER BRUCE IN BONN

FRESH DOUBTS have surfaced in Bonn about the value of West German participation in the U.S. Strategic Defence Initiative (SDI) research programme following a warning yesterday by one of Chancellor Helmut Kohl's most trusted ministers that SDI research cannot be justified in terms of any advances it may generate in civil technology.

In a further signal of unease about SDI Herr Heinz Riesenhuber, the research and technology minister, said that as far as Bonn was concerned the only measures of the project were whether it proved a technically feasible means of deterring a nuclear missile attack and, if so, what effect this would have on current German disarmament, Nato alliance and foreign policy.

"SDI cannot be justified in terms of civilian research policies," Herr Riesenhuber said.

The remarks by the minister, who is a member of Chancellor Kohl's Christian Democratic Union (CDU), were welcomed by one of the junior coalition parties, the Free Democrats (FDP), a number of whose leaders have been sceptical about the SDI project.

Herr Helmut Schäfer, FDP foreign affairs spokesman, called the minister's statement "remarkable," and the FDP minister of state in the Foreign Office complained that SDI plans were up in the stars "in the truest sense of the word," adding that dealing with current problems such as weaknesses in Nato sea operations was far more important.

Herr Riesenhuber's remarks are important because the Government has often tried to impress upon members of parliament that official German participation in SDI would not only lead to direct contracts for German companies but could also involve an influx of new technology into the country which could then be put to non-military use.

Although the Government has always made it clear that a final decision on SDI participation would rest on the system's military efficiency, it is already under attack on this point – from within its own ranks – and the research minister's remarks would appear to add to existing reservations.

Herr Hans Dietrich Genscher, Foreign Minister and a former leader of the FDP, expresses doubts about SDI at almost very possible opportunity. Chief among his reservations is that a space-based anti-missile system could upset the balance of East-West deterrence and possibly "decouple" the U.S. from Europe.

Evidence at present is only circumstantial but a further problem facing the Government as it tries to make up its mind about whether formally to participate in SDI is that most of the SDI sceptics in Government also appear to favour a government role in the French-inspired Eureka civil technology project.

That applies to the FDP and possibly also to Herr Riesenhuber, who seems to have prematurely leaked news last week of alleged plans by Bonn to spend DM 60m on Eureka next year and up to DM 1bn in the medium term. The leak was quickly denied by the Finance Ministry, which said no such funding had yet been approved.

Chancellor Kohl is thought to want to make a final decision on formal participation in SDI this year. Bonn is demanding a full transfer of technology should it take part, plus assurances that research would not lead to automatic deployment.

A 30 strong West German delegation, made up of senior government officials and industrialists is at present in the U.S., attempting to gather sufficient information on the project to put a final report to the Chancellor later this week. The report is likely to contain a recommendation on participation and there is strong speculation that it will recommend allowing German companies to compete for SDI research contracts on their own. That would have the political merit, perhaps, of not offending the Soviet Union and East Germans to any serious extent.

Gucci head denounces forgery allegation

By James Buxton in Rome

A SAVAGE legal battle is raging for control of Gucci, one of the most illustrious names in the Italian fashion industry.

A judge in Florence has sequestered the shares in Gucci, the family company, held by Sig Maurizio Gucci, the 37-year-old chairman and managing director.

He did so after receiving a request for an injunction from Maurizio's uncle, Sig Aldo Gucci, and his sons Giorgio and Roberto. They allege that the signature on the document under which Maurizio's late father Rodolfo transferred his shares to Maurizio was forged.

Maurizio Gucci holds 50 per cent of the equity of Gucci and, thanks to a 3.3 per cent stake he acquired from another cousin, Paolo, has an absolute majority of the company, whose sales were about L200bn ($105m) last year. The remaining 46.6 per cent of the shares are held by Aldo, Giorgio and Roberto.

A meeting of shareholders has been called for Thursday in Milan, at which a new board of directors may be elected. As things stand Maurizio will not be able to exercise his voting rights, and the judge has not yet nominated a legal officer who could represent the sequestered shares.

Yesterday Maurizio Gucci flew to Milan from the U.S. and issued a statement denouncing the accusation against him as "infamous and unfounded." He called them the "expression of a premeditated personal attack whose aims are not difficult to imagine."

The accusation by his relatives focuses on events leading up to the death on May 14, 1983 of Rodolfo Gucci, then head of the Florentine family, whose business was founded in 1904.

The members of the Gucci family who are contesting Maurizio are understood to disapprove of the policies he has followed since he took over as chairman and managing director in 1983.

But in his statement yesterday Maurizio Gucci said that the company, which manufactures Gucci products and sells them either directly or through associates, has boomed ever since he took over. Sales in 1984 rose by 60 per cent compared with 1983 and by 121 per cent compared with 1982. Profits in 1984 amounted to L13.5bn a 98 per cent improvement on 1983. He pointed out that for the first time in 1984 the company had produced audited accounts.

Rebel Thai soldiers fail

Continued from Page 1

Government House and Radio Thailand, and surrounded the Royal Palace. First announcement of the coup came at 6.30 am local time.

Complaining about General Prem's economic policy, the rebels said parliament was dissolved and the constitution suspended. But they failed to control all the broadcast media or to persuade other "Young Turks" to join them.

The top echelons of the military meanwhile remained solidly united in support of General Prem.

For three hours it seemed like touch and go. The Government declared a state of emergency in the capital just after 1pm and gave the rebels until 3pm to surrender.

Last night the Government said General Kriangsak Chomanand, a former premier, General Praphan, the Air Force chief, and General Serm Nanakorn, a former army chief in the 1970s, all of whom were said to be participants in the coup, had been forced to lend the rebels their support against their will.

Unilever faces fight in $1.3bn takeover plan

Continued from Page 1

$1bn, with an operating profit of $53m. Its brands include Signal, Pepsodent and Mentadent toothpastes, Timotei and Sunsilk shampoos, and the deodorants Rexona and Impulse.

London stockbrokers' analysts were enthusiastic about the benefits of a deal for Unilever, stressing the complementary nature of the products and the geographical spread of markets. Unilever's shares closed in London at £10¾, up £¼ on the day.

However, doubts about the outcome of the offer were reflected in Richardson's share price in New York. It had risen some $6 by mid-afternoon to around $46 – still well below the Unilever offer of $54 cash a share.

Unilever, responding to the Richardson statement, said it continued to remain ready to meet the company to negotiate a merger. It stood by its proposal, but was prepared to be flexible and work with them to achieve a transaction that would be to the maximum benefit of both companies and Richardson-Vicks' shareholders.

Terry Dodsworth writes from New York: Wall Street reacted sceptically to the Unilever proposals, with some analysts saying that they doubted that the Anglo-Dutch company would go ahead with a hostile tender offer.

"It looks as though the market is pushing the share price up in response to the buyback programme, but does not believe that the Unilever proposals will go through," one analyst said. By mid-afternoon, more than 3.6m shares had changed hands.

One possibility being discussed yesterday was that the Unilever proposals might persuade a group of shareholders to sue the Richardson board and force them to accept the offer.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	28	77	Dubrovnik	F	23	73	Malaga	-	—	—	Salzburg	S	18	59
Akrotiri	S	30	86	Faro	S	24	75	Malta	F	28	82	Seoul	S	28	82
Algiers	S	30	86	Florence	S	29	84	Manila	-	—	—	Singapore	T	23	73
Amsterdam	S	15	59	Frankfurt	F	15	59	Milan	-	—	—	Stockholm	C	14	57
Athens	S	27	81	Funchal	F	25	77	Munich	R	24	75	Strasbourg	F	18	64
Bahrain	S	37	99	Geneva	S	21	70	Moscow	C	12	54	Sydney	R	19	66
Bangkok	-	—	—	Gibraltar	S	26	79	Munich	C	12	54	Tokyo	-	—	—
Barcelona	-	—	—	Guernsey	F	17	63	Nairobi	C	24	75	Tangier	C	23	73
Beirut	C	28	82	Helsinki	R	9	48	Naples	F	27	81	Tehran	-	—	—
Belgrade	F	14	57	H. Kong	C	28	82	New Delhi	S	33	91	Tel Aviv	R	29	84
Berlin	F	15	59	Innsbruck	S	13	55	New York	-	—	—	Tenerife	F	26	79
Biarritz	S	24	75	Inverness	C	16	61	Nice	S	24	75	Tokyo	R	30	86
Blackpool	S	16	61	Istanbul	S	27	81	Oporto	S	29	85	Toronto	-	—	—
Bordeaux	S	26	79	Jersey	F	17	63	Oslo	F	17	63	Tunis	S	31	88
Brussels	F	15	59	Jo'burg	F	15	64	Paris	C	18	64	Valencia	-	—	—
Budapest	C	14	57	Las Palmas	S	25	77	Prague	S	18	55	Venice	S	22	73
B. Aires	-	—	—	Lisbon	S	23	73	Reykjavik	-	—	—	Vienna	R	8	46
Cairo	S	31	88	Locarno	S	25	77	Rio de J'o	-	—	—	Warsaw	S	15	59
Cape Town	S	28	82	London	C	17	63	Rome	S	26	79	Zurich	C	17	63
Corfu	-	—	—	Los Angeles	-	—	—								
Casablanca	F	23	73	Luxembourg	C	18	55								
Copenhagen	F	15	59	Madrid	-	—	—								
Corfu	S	29	84	Majorca	-	—	—								
Dublin	C	22	72												

Readings at mid-day yesterday:

C-Cloudy B-Drizzle F-Fair Fg-Fog R-Rain S-Sun
St-Sleet Sn-Snow T-Thunder

Reagan orders sanctions on S. Africa

Continued from Page 1

to that announced by President Reagan on a number of matters, including the ban on arms sales and nuclear goods, and the creation of a code of conduct for British investors in South Africa.

"Obviously we are willing to look at the other measures which have been adopted by the U.S.," he said.

Sir Geoffrey said there remained a wide range of views between the EEC member-states, which the Community foreign ministers will be seeking to reconcile at their meeting today.

In making the announcement, the White House conceded that the timing was related to the mounting pressure in Congress for action which would send an unambigious message to the South African Government.

Leaders of both the Senate and the House of Representatives warned the President in recent days that he was facing a humiliating defeat if he carried out his threat to veto sanctions legislation which the Senate was due to vote on yesterday and which would almost certainly have passed with a big enough majority to override a presidential veto.

The President's political advisers were all too well aware that such a series of events would have represented a damaging blow to Mr Reagan's political prestige at the beginning of a session of Congress which threatens to present the White House with the most formidable set of political challenges it has faced in Mr Reagan's second term.

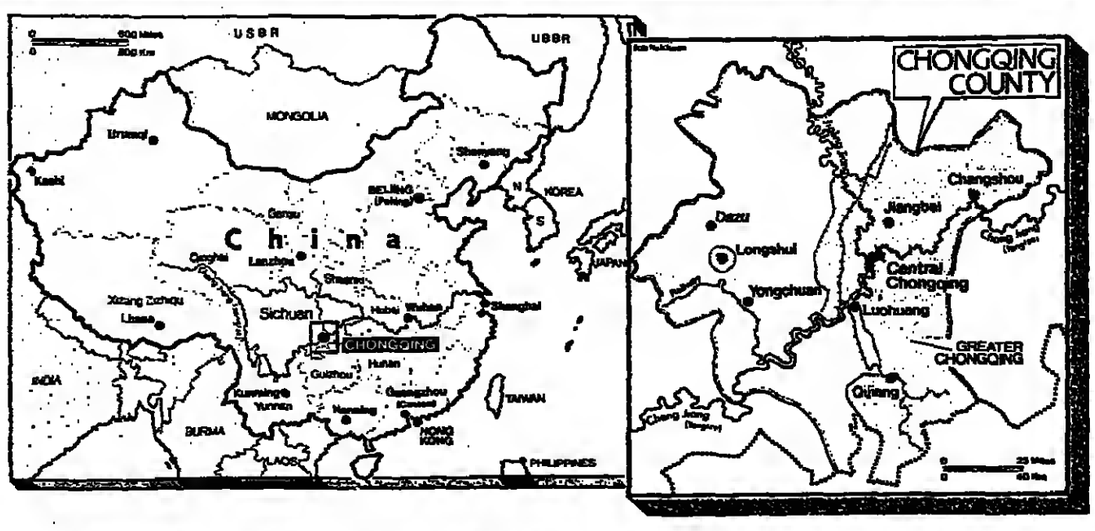
There were early signs yesterday from Senator Robert Dole, the Senate majority leader, and the powerful chairman of the Senate foreign relations committee, Senator Richard Lugar, that Mr Reagan would be spared such a conflict in Congress.

SECTION III

FINANCIAL TIMES SURVEY

CHONGQING

Daunting tasks lie ahead if the city is to achieve a modern industrial base. Nevertheless much progress has been made in sweeping away bureaucracy and antiquated methods



Chongqing has expanded to become China's largest city, with nearly 14m people.

Testbed for changes

BY DAVID DODWELL

CHONGQING ought to be one of the world's great industrial cities, and one day may indeed become one. But at present, it stands as a rather dilapidated monument to the economic upheavals of Communist China's 35-year history, and an example of the formidable tasks facing Deng Xiaoping as he tries by means of pragmatic economic policies to revive a moribund economy.

The city, and Sichuan province around it, epitomise China's great strengths—a rich agricultural base and a wealth of natural resources—and at the same time its weaknesses: stubborn independence from central control, poor communications and an archaic industrial base.

In recent political terms, the city appears to harbour many officials and party cadres who are less than fully committed to Deng Xiaoping's policy of "opening up to the outside world."

Yet, Deng's policies are likely to stand or fall in a city such as this, not least because it has a special place in his mind. He was born just miles north of it, in Guangan County.

In the heady years immediately after 1949, when the new Communist leadership, and a large proportion of the country's population were imbued with an immense optimism for the future, Deng was in command of the South-West Bureau, with headquarters in Chongqing.

Not suprisingly, therefore, Chongqing has been one of a handful of testbeds for his economic reform policies.

Before being introduced nationwide, reforms on prices, wages and taxation have all been floated experimentally in Chongqing. So, too, have new marketing and distribution systems.

Provincial powers

Since February, 1983, it has had provincial powers in economic matters, and has been expanded by administrative decree to become China's largest city, with just under 14m people.

It can conduct foreign trade, and solicit foreign investment, yet it has, nevertheless, made slow progress—so slow, that Peking recently appointed a new first party secretary, and only last month brought in a new mayor from the national capital, a man with impeccable "Dengist" credentials, in what appears to be a bid to cut a swathe through the thickets of bureaucracy and political resistance.

Situated at the eastern extreme of Sichuan, China's most populous and one of its most resource-rich provinces, Chongqing perches dramatically above the point where the grey waters of the Jialing river flow into the rich-red Yangtze before it rushes through the mountain gorges that, for the greater part of history, have separated Sichuan from the rest of China—and the rest of the world.

It has an uncompromisingly awful climate—a furnace in summer, and swathed in eery fogs for most of the rest of the year. There is a saying in Sichuan that when the fog clears, the city's dogs bark. The climate alienates outsiders, and reinforces the aloofness of local people.

Commercially and politically, however, the city dominates Sichuan which, in turn, dominates the west of China, and one-fifth of the country's one billion people. This was recognised in 1895, when the imperial powers forced the Empress Dowager to open it to international trade as China's most inland treaty port.

Chiang Kai-Shek's nationalist government also appreciated its strengths—not least the protection from air-raids that the fog provided—when it was forced to retreat from Nanking before the invading Japanese army, in 1936. Chongqing served as the nationalist government's capital until 1947.

This period was a critical one in Chongqing's industrial development. Rather than leave Shanghai's factories at the disposal of the invading Japanese, Chiang Kai-Shek ordered them to be dismantled and hauled up the Yangtze on barges. This massive human effort gave Chongqing a modern and ready-made industrial base. At the end of the war, most of the Shanghainese industrialists left, but many of their factories stayed behind.

Third line city

A second major impetus in the years after Communist victory in 1949 was the designation of Chongqing as a "third line" city for the development of defence industries, well inland and a safe distance from the Soviet border in the north or those of India and Vietnam in the south.

Today, Chongqing's 200 or so factories producing defence equipment—everything from arms, tanks and warships to telecommunications equipment and titanium for the military—account for 20 per cent of the city's 1.6m jobs, and the majority of its modern technology.

It is upon this industrial base that Deng Xiaoping intends to build. Defence manufacturers have been pressed to diversify into manufacture for the civilian market — both to improve the supply of consumer goods in the local market, and to help adjustment after a politically-determined cut in arms production.

While many defence manufacturers have probably been upset by this upheaval, there have been some notable successes in adjustment. Among them are the Jialing Machine Factory, once exclusively a small-arms manufacturer, which now makes 300,000 motorcycles a year in a lucrative joint venture with Honda of Japan. Other ventures have brought some defence manufacturers into the production of such items as pit props, telephone equipment, watches, refrigerators and washing machines.

But these breakthroughs provide exceptions to an otherwise depressing rule: Chongqing's industrial base — the fifth-largest in China—is seriously antiquated. Officials in Chongqing's economic commission say that 53 per cent of the machinery in use today was installed more than 20 years ago, and was old technology, even then. The city's plans to renovate its industry by the year 1990 involve budgets of Yuan 700m a year for the rest of the decade. (The domestic Chinese unit of currency is the Yuan or Renminbi, ie dollar).

This industrial plan would be a formidable task even in the best of circumstances, and given the evidence of bureaucratic mediocrity and factional division inside the city government over the direction of economic policy, it might even be fanciful.

Chongqing was a hotbed of leftism during the cultural revolution—so much so, that Jiang Qing, a leading figure in the now-reviled "Gang of Four," congratulated the local radicals as "champions" of the leftist cause, and "an example for the rest of the nation."

Two factions—the August 15 Group, and the Fight to the End Group—plundered local ordnance factories to mount one of the country's fiercest periods of politically-fuelled street violence.

The factional differences remaining from this period, and the number of bureaucrats who owe their positions to appointments made then, have persuaded Peking to impose its own candidate as Mayor—Xiao Yang.

Joint ventures

He recently played a major part in formulating China's joint venture law; by training, he is an optical engineer. He has spent most of his career either in prison—dubbed a revisionist and capitalist roader—or running the Peking General Glass Factory. His efforts to help transform Chongqing into a modern and efficient industrial city is likely to be his most formidable challenge yet.

Xiao Yang has begun modestly — first with a city clean-up campaign, and then with plans for an exhibition in September to provide impetus to plans to attract foreign trade and investment. He has also begun to pull Chongqing's lumbering bureaucracy into shape. He has abolished over 70 departments, merged others, and says the process is far from finished.

Among his immediate aims, Mayor Xiao hopes to attract $300m in foreign investment this year. He has laid plans to renovate the city's water and sewerage systems, and is working on new telephone exchanges. An international airport is under discussion, as are plans for electrification of railways and improvement of river shipping—critical for an inland boosting international trade.

The city's 148 "key industries" are to be modernised by 1990, and he has recruited Japanese professionals into the municipal government to help him push plans through.

While the problems facing Mayor Xiao are daunting, there can be no doubting the immense potential of the city, if he succeeds in igniting its energies.

Sichuan, its immediate hinterland, would, if independent, be the world's eighth largest nation. It is the birthplace of tea-making and of silk. Even today, it is China's main supplier of grain, and of many fruits. It boasts supplies of some of the world's rarest minerals, as well as coal and natural gas.

It is, in so many ways, a microcosm of the problems and potentials of China. What it needs is a vital spark.

CONTENTS

Rural enterprises show strong growth

Economy

WILLEM VAN KEMENADE

CHONGQING IS undoubtedly one of the largest inland-ports in the world, with steamers of 3,000 to 4,000 tons battling 2,000 km up the powerful Yangtze river to moor at its berths.

Moreover, it is one of the great mountain-cities of the world where, from the tongue-shaped cliff that houses the central districts, one can enjoy breathtaking views of the sprawling metropolis and the two rivers, the Changjang (Yangtze Kiang) and Jialing that cut through the city proper and its multitude of satellite towns.

The thousands of steep slopes, the heat in summer and the winter slipperiness (caused not by frost but by smog) are prohibitive to bicycle traffic. Almost eerily, Chongqing is the only major city without bicycles in China. Instead, the streets are busy with peasants from the countryside hauling their goods in overloaded baskets to the city's free markets.

Although the area was a rural backwater before World War Two, the Kuomintang laid the foundations for Chongqing's later industrialisation. Under its auspices, hundreds of factories moved their machinery down the Yangtze to escape Japanese capture and started producing in the city.

In the 1950s and 1960s, expansion was impressive. During the first years of Communist rule, construction fund knew no limit. Complete hilltops were erased and winding, narrow alleys replaced by equally steep main roads and squares. Two major bridges were built, the first 1,968 ft long across the Jialing was finished in 1965; the second one, across the Yangtze, 3,608 ft long, was constructed in 1980. A cable car links the central berthing and ferry area with Jiangbei, the northern suburbs.

Despite its scenic cosmopolitan appearance, Chongquing is on closer examination, a drab city, lacking in modern facilities. Much of its housing is poor, blackened by weather and smog. Its streets are muddy and many of its factories obsolete and inficient. But after years of slow development, rapid progress is at last being made.

According to the annual report by the Chongqing Statistical Bureau, gross industrial and agricultural output in 1984 was 15.288bn Yuan, 15 per cent up from 1983. Industrial output was 11.576bn Yuan (up 16.7 per cent), making Chongqing seventh industrial city in the country. However, despite six years of readjustment from heavy towards light manufacturing, the proportion of heavy industry is still too large (53 per cent), and the growth in heavy industry was an excessive 18.9 per cent.

Officials say that growth in heavy industry has consumed too much energy and has not improved living standards.

Light industry last year was 5.398bn Yuan (up 14 per cent). The most desired new consumer products showed spectacular growth rates—motor-cycles by 82.4 per cent, washing machines by 102 per cent, and refrigerators by a remarkable 2,340 per cent.

Rural enterprises account for a large part of the growth in light industry. Their number climbed to 104,400, up 110 per cent from 1983, with 237,000 people from the rural surplus labour force newly-employed in small factories.

Investment

Investment in Chongqing's rural towns and townships is largely coming from the non-state collective sector.

Under the city's guidance, 750 state or collectively-owned industrial enterprises have been reorganised into 69 specialised corporations, simplifying buying relationships and the supply of raw materials and parts.

The flow of goods was much improved during 1984: out of 190,000 retail-trading units, 160,000 are now privately-owned. Rural households which specialise in transport services, buy goods directly from about 100 newly-established industrial products trading centres and distribute them freely through a variety of channels all over the municipality.

Markets in Chongqing, both urban and rural are more brisk and active and, thanks to the agro-borticultural abundance of the Sichuan plain, have a much larger assortment of fresh vegetables and fruits than major cities in North China such as Peking.

Most of the agricultural produce is supplied from nearby lowland on the river-banks by small vessels. Trade in agricultural produce has been freed completely. The Municipal Vegetable Company has kept a low profile since January this year and only intervenes when, in an emergency, supply has to be guaranteed from afar.

The living standard is probably somewhat lower than in the coastal cities but the lower average income—according to the annual report 622 Yuan for factory workers and 329.6 Yuan for rural workers—is compensated for by the lower cost of life in Sichuan. The Chongqing Price Bureau says that after last spring's price-rises, a pound of lean pork in Chongqing cost 1.80 Yuan against 2.50 Yuan in Peking. The price-advantage in vegetables is even greater. Therefore the price-subsidy in Chongqing was only 4 Yuan per family per month, as compared to 7.50 Yuan per person in Peking and 9 Yuan per person in Shanghai.

There has, nevertheless, been evidence that families exclusively dependent on one income have found it hard to make ends meet. For example, one garment worker with a wife and young son, living in a wooden shanty on stilts overlooking the Jialing, supplemented a basic income of 140 Yuan a month by selling clothes, shipped illicitly up the river from Shanghai. The extra 80 Yuan a month made the difference between living from hand-to-mouth and being able to live comfortably.

In contrast, crowds of fashionably-dressed youngsters splash out once or twice a week at one of the city's immensely popular disco-dancing clubs. As in most countries, young unmarrieds still living in the family home are among the community's biggest spenders.

However, many others find themselves spending too many hours commuting to and from their factories to go out in the evenings. In interesting contrant to the commuters in many Western countries, Chongqing people tend to live in the centre of the city and commute to the suburbs for their work. This may prove a stumbling block for a government that is trying to encourage more industrial investment in Chongqing's rural hinterland.

A common thread in the diverse experiences of Chongqing's outspoken and easy-going people nevertheless seems to be that while the reforms of the past five years have only just begun to bear fruit, they are a step in the right direction and are already beginning to bring benefits.

Progress overdue

After the stagnation and dislocation of the previous two decades, many would say such progress is long overdue.

One retired barge worker, in his two-room apartment high above Chongqing's fog-bound streets, is quick to provide perspective: "Life has improved rapidly in the past two or three years, but if you think back to the years just after the revolution, when we were all so optimistic about the future, then we have had many disappointments.

"If you had asked me then where we would be today, I would have said we would have achieved much more," he says.

The new administration under Mayor Xiao Yang has a lot of ground to make up.

Main exports by products

Figures in US$m

	1984	1983
Medicines	11.87	9.34
Cereals, oil, foodstuffs	11.01	2.65
Textiles	10.52	2.38
Native and animal by-products	8.54	3.75
Light industrial products	5.29	3.70
Metals & minerals	4.67	3.74
Arts and crafts	3.60	0.11
Chemicals	3.30	0.32
Silk and silk products	1.73	1.82
General machinery	1.54	0.63
Other products	0.75	0.29
Total	62.82	28.44

Ownership of consumer durables

(Items by 100 working families)

	1981	1984
TV sets	50	87
Refrigerators	†	2
Tape recorders	9	33
Video recorders	3	10
Washing machines	3	31

† Negligible.

Source: Chongqing Municipal Price Bureau.

Daunting tasks lie ahead

Industrial modernisation

DAVID DODWELL

THE BEIBEI Glass Factory, perched high above the Jialing River, west of Chongqing, is 40 years old—and looks it. Like most of the city's 7,500 factories, the need for modernisation is urgent and improved performance is all but impossible without it.

Compared with other companies, Beibei is fortunate. As a renowned exporter of "Lotus Flower" glassware, it has easy access to the foreign exchange needed for advanced technology equipment.

It has just ordered a $1m electric and gas furnace from Britain. When the equipment is installed it is likely to boost output by 60 per cent and profits by 100 per cent. Moulds also from the UK—Beibei's biggest export market—are expected to improve quality and reduce dependence on hand-blown glassware.

Also on the shopping list, but from local suppliers, is automatic mixing equipment. At present, ingredients are mixed by hand. A new 1.2m Yuan factory building is under construction to house the modernised plant.

Promising signal

Beibei offers a promising signal of Chongqing's industrialists on the move. With it are companies like Jialing, making motorcycles in collaboration with Honda of Japan, and the South-west Aluminium Fabrication Plant, buying equipment from Japan and diversifying into a variety of export and civilian products. The city has a fair sprinkling of such examples.

Unhappily, however, many factories are going to find their renovation plans much tougher to achieve, despite the Municipal Government's unequivocal commitment to modernising every factory in the city by 1990. Particularly vulnerable are companies not in a position to earn foreign exchange.

Mr Jin Lie, head of the Technique Introducing Office in the local Economic Commissions, says 700m Yuan ($241.3m) is to be set aside annually over the next five years for modernisation but foreign exchange funding is going to be fiercely fought over.

Beibei Glassware factory, south of Chongqing, where antiquated machinery is about to be replaced in a major modernisation programme

In 1984, Peking provided the city with $100m, while the city itself contributed $40m, for purchases of foreign equipment. This year the state contribution will fall to $40m, with the onus on the Chongqing authorities to meet further needs from export earnings. They expect to have about the same foreign exchange available this year as in 1984.

This is an almost negligible sum when set against the city's needs. Not only will factories be competing for these funds but also those departments responsible for essential infrastructure investment—in roads, improved electricity supplies, water supplies, a modern telephone system and so on.

Officials talk optimistically of "foreign friends" entering into joint ventures and arranging necessary foreign exchange funding but, in many cases, hopes are likely to be disappointed. Most local industries, almost 2,000 km inland, are poorly placed to compete in foreign markets with manufacturers in China's open coastal cities or economic zones. Often they are trapped in a vicious circle, likely to remain uncompetitive until they improve efficiency and productivity through the installation of advanced equipment from overseas.

Mr Jin notes that of the 16.7 per cent improvement in Chongqing's industrial output in 1984, at least a half was due to renovation of existing factories. If the renovation policy falters in any way, then the city is clearly going to pay a high price.

He warns of the risks of allowing the coastal cities to develop rapidly without parallel development in China's interior, but can provide no hint that Peking is willing to take action to avoid them — "the coastal cities rely on inland provinces for energy and a wide range of natural resources," he notes. "If inland cities are not opened up, and their industries remain backward, then this will soon begin to inhibit the growth of coastal cities."

More autonomy

Modernisation is not exclusively to do with cash or foreign equipment, of course. Chongqing's new Mayor, Xiao Yang, is at pains to press forward the economic reforms.

Companies and their executives have been given greater autonomy. Mr Long Zeyuan, a deputy division chief in charge of structural reform in the city, notes: "Government at each level regarded enterprises as their own property. They bought its products, provided its raw materials, decided policies. Enterprises themselves had rights over nothing."

While many Chongqing companies remain subordinate to state corporations—particularly in heavy industry and defence factories—many have now been unshackled. Along with freedom to manage their businesses without state interference, and to earn higher profits, they have at the same time had the safety net drawn out from underneath them if they fail.

When Mayor Xiao Yang talks of Chongqing becoming a "planned commercial economy," it is to such factories that he is referring. It is striking how the main gains in productivity have come from this sector, rathar than state-controlled factories in the admittedly short period since the new policies were introduced.

Newly-introduced "direct buying relationships" between major manufacturers such as Jialing Motors and their many suppliers are also likely to improve efficiency.

Other moves intended to oil the wheels of the city economy, providing a better environment for modernisation, are the shift by defence manufacturers into civilian manufacture, encouragement of industrial investment in the city's rural hinterland, and improved wholesale and retail distribution throughout the city.

To see Chongqing's creaking industrial machinery at work is to receive a glimpse of the daunting challenges facing administrators not just in Chongqing, but nationwide.

Mayor Xiao Yang admits the scale of the problems facing him, but is far from admitting that they cannot be handled. He is 55 this year, and is due to retire when he is 60. He has five demanding years to prove he is right.

Making up for lost time

FEBRUARY 1983 was a watershed for Chongqing. That was the period when Peking decided to give it provincial powers in all economic and trading matters.

After three decades, during which all economic contact with the outside world was forbidden, local officials have spent the past two years busily making up for lost time.

After 1954 and the dissolution of the South-West Bureau (of which Deng Xiaoping was once head), power throughout Sichuan province was wielded in Chengdu, which remains today the provincial capital. From Chongqing's point of view, it was only in 1983 that this was remedied. Chongqing remains subordinate to Sichuan province in non-economic areas, but otherwise now answers directly to Peking.

The price paid by Chongqing over these 30 years has never been calculated, and probably never will. Ambitious cadres headed in uncertain numbers for Chengdu, where promotion prospects were brighter, depleting the quality of local administration.

Catch 22

As a municipal authority, subordinate to departments in Chengdu, project proposals would take three to four years to win clearance. No direct contact was allowed with foreign trade partners, or potential foreign investors.

"There was very little foreign investment," comments one senior official, who was keen not to elaborate. The city has been "no more than a buying and selling centre," notes another official.

Chongqing, like a myriad of other Chinese cities, was caught in a classic "catch 22" trap. Old plant and equipment condemns a large majority of its manufacturers to low efficiency, low productivity and poor quality output. This makes exporting impossible, which, in turn, rules out the chance to earn foreign exchange that could be used to buy advanced equipment and technologies.

The new powers gained in 1983 are intended to provide a critical step towards resolving this problem. They entitle Chongqing to contact potential foreign trade partners directly, to arrange independently ventures involving foreign investment of up to U.S.$5m, and to answer, otherwise, directly to Peking. Incentives that can be offered to potential investors are a matter for local negotiation. Mr Chen Zhuhui, head of the city's planning commission, says deals can now be sealed within a year.

Even with such powers, attracting foreign investment is likely to be an uphill struggle. Trade with a city so far inland must carry hidden costs. Its bias towards manufacture for the domestic market makes it hard for local partners to find foreign exchange to finance purchases from overseas, and at the same time limits the ways in which foreign partners can convert joint venture earnings into foreign exchange.

In its favour, Chongqing has an immensely resource-rich hinterland, a number of long-established industries, and significant backing from Peking—not just because Deng Xiaoping was born nearby, and Premier Zhao Ziyang made his reputation in Sichuan, but because, for political reasons, Peking cannot afford to allow China's interior to stagnate while the coastal regions become rich through foreign trade and investment.

Up to 1983, Chongqing's foreign investment and trade were negligible. In 1983, imports amounted to $4m, with exports of $28.4m.

By 1984, imports had leapt to almost $23m, while exports had more than doubled to $63m. Foreign investment rose from less than $20m to $140m between 1983 and 1984, and is expected to rise to $300m this year.

For a city of its size, both trade and foreign investment still account for only a small proportion of industrial and agricultural output—about 4 per cent in 1984.

But the newly-appointed mayor, Xiao Yang, is keen to flex the city's muscles. Even more important, he is aware that he has only a limited amount of time to demonstrate to Peking that a municipality almost 2,000 km from the coast can regenerate itself through independent pursuit of foreign trade and investment opportunities. Trade must account for 10 per cent of output by 1990, he says. That would amount to about $600m—seven times the 1984 level of trade.

"Without a big increase in exports, the opening up policy can not last long. We would not be able to pay for investments in new plant and technology," he warns. "If trading partners want to forge lasting economic relationships, they will have to both import and export."

He, nevertheless, acknowledges that Chongqing faces substantial trade deficits for the next two years as new, advanced equipment from overseas is installed, only partly paid for by concessional finance or supplier credits.

Foreign investment

DAVID DODWELL

The challenge is considerable, given the size and antiquity of Chongqing's industrial foundations. Mayor Xiao Yang, who was blooded as the "back seat driver" arranging the country's first and painstaking joint venture with American Motors to make jeeps in China, concedes that "modernising Chongqing is going to be much more difficult than arranging the American Motors joint venture."

The American Motors' deal took four years and 347 meetings to finalise.

Clampdown

It will be doubly difficult in the wake of Peking's recent clampdown on the use of foreign exchange for all but priority projects, and in view of the fact that China's coastal cities are in a much stronger position to win export contracts—and thus earn the foreign exchange needed for investment—than inland Chongqing.

The municipality has perhaps been helped by recent changes in regulations over the use of foreign exchange earnings. As part of the shift by companies to payment of tax rather than remittance of profits to Peking, Chongqing will get less foreign exchange from the state year by year, but at the same time will be able to keep more of the foreign exchange that it earns.

This year, with foreign exchange needs unchanged from 1984 at $140m, Chongqing will get a foreign exchange allotment from Peking of $40m, down from $100m last year. This means the municipality will have to find $100m itself for the purchase of foreign equipment or technology, compared with $40m last year.

At the same time, state enterprises will be able to keep 70 per cent of their foreign exchange earnings, compared with 30 per cent in 1984.

The incentives Chongqing can offer foreign investors to attract them to the city are still being drafted, but there is a clear recognition that they will have to be more favourable than those offered in open coastal cities.

Mr Kuang Haowen, head of Chongqing's bureau of foreign economic relations and trade, comments: "Nothing has yet been finalised, but we have considered lower wages, low land costs, entitlement to larger shares of the domestic market, and cheap supplies of raw materials, electricity and transport. We have been trying to ensure not just a good profit, but smooth production."

To help galvanise foreign investment and trade, the local branch of the Bank of China has been expanded from 12 people in 1983 to 900 people today. It occupies a new headquarters building, which cost over 4m Yuan to build.

The bank is likely to play an important part, not just in channelling funds into priority projects, but in evaluating projects proposed by local manufacturers and the municipality. This is all the more so since March this year when Peking ordered greater vigilance over the use of foreign exchange following what it felt to be a too-rapid depletion of the country's reserves.

One change that will not be welcome to manufacturers without opportunities to earn foreign exchange is reversal of a policy whereby foreign equipment could be paid for in local currency so long as the cost was offset by the foreign exchange earnings of a company not needing to make purchases from overseas. This loose balancing arrangement was "temporarily suspended" early this year after being operative for three years.

In future, manufacturers that cannot pay for foreign purchases out of their own foreign exchange earnings will face a choice between four more complex options; they can appeal for cash from the local planning commission — which is fiercely competed over; they can buy locally made equipment; they can seek leasing deals; or they can try to make counter-trade arrangements.

While Western exporters will in certain circumstances accept counter-trade terms, best hopes here probably lie in deals with the Soviet bloc. Sichuan, with its growing agricultural surpluses, might be well placed to exploit such opportunities.

The immediate problem facing the Chongqing Government is the urgent need to invest in infrastructure, which is likely to be expensive, and unlikely to offer opportunities to earn foreign exchange.

The single highest priority is an international airport. Railway electrification, road improvements and the construction of a container wharf on the Yangtze, come close behind. Investment is called for in a satellite ground-receiving station, and in new telephone exchanges.

Priorities

In the city, which is the most densely populated in China, new water and sewerage systems are urgently needed. A new thermal power plant is planned, along with the rebuilding of a number of mines and the construction of a coal washing plant.

Priorities for industrial renovation are steel and aluminium plants, chemicals factories, machine building factories, and other heavy industrial enterprises. A new fertiliser factory is planned, as are plants making flat glass, ceramics, and animal foodstuffs.

As Mayor Xiao Yang faces up to these immense challenges, there can be no doubt that Peking, and a large number of other inland cities in China, will be watching closely to see how he performs in attracting foreign investment.

Unlike coastal cities which are in a peculiar and privileged position to finance modernisation, Chongqing's problem is that of the great majority of the country's towns and cities. Xiao Yang asks, perhaps not rhetorically: "Without foreign exchange, how can we do anything?"

Foreign co-operative ventures

Chongqing's ventures with overseas partners from 1984 to first half of 1985. Values in $m

Project name	Form of venture	Total investment	Period of venture	Chinese partner	Foreign partner by origin
Yangtze Jiang Hotel	Joint venture	20.0	15	City Travel Service Co.	Hong Kong
Chongqing Hotel	Joint venture	5.0	12	Chongqing Hotel Co.	Hong Kong
Extension of Chongqing Guesthouse	Joint venture	1.6	6	Chongqing Guesthouse/ Bank of China	Hong Kong
Qingling Motors	Joint venture	1.87	10	Chongqing Motor Industry Co.	Japan
Yuyuan Construction and Decoration	Joint venture	0.36	10	City No. 1 Building and Construction Group	Hong Kong
Fu Li Hua Decoration	Joint venture	0.1	10	City Chemical Development Co.	Hong Kong
Colour TV Production Line	Lease	2.1	3	City Electronics Co.	Japan
Towelling Machinery	Lease	1.1	3	Chongqing Knitting Factory	Hong Kong
Plastic Bag Blower	Lease	0.47	3	Chongqing No. 3 Plastic Factory	Hong Kong
Yu He Air-conditioning Electric Services Centre	Joint venture	0.1	10	City General Machinery Industrial Co.	Japan
Packaging For Drinks/Foods	Lease	0.27	3	Jiangbei Drinks and Foodstuffs Co.	Hong Kong
PVA Grinder	Compensation trade	—	—	Sichuan Vinylon Co.	U.S.
Chicken Farm	Loan	2.3	—	Chongqing Chicken Farm	Italy
Refrigeration of Aquatic Products	Loan	1.45	—	Changjiang Fishery Co.	Denmark
Refrigeration of Oranges	Donation	0.65	—	Orange Research Institute	EEC

PROFILE: TIANFU COLA DRINK CORPORATION

More than the real thing

WHILE THE U.S. giants Coca-Cola and Pepsi-Cola take their worldwide battle for sales into China's 1bn-person market, China has its own more modest copies of cola-type drinks—prominent among which is Chongqing's Tianfu Cola Drink Corporation.

"If you want the real thing and a lot more, drink Tianfu Cola," is the jingle from Zhang Shengling, manager of the Chongqing plant. Tianfu, which in Chinese means "place of heaven," is an historical name for Sichuan province.

Tianfu cola is intended not only to slake thirst. Mr Zhang explains, it is based on the Chinese herb bai-shao, a kind of peony, and as such is said to fight cancer, neutralise food poisoning, stimulate the heart, regulate blood circulation and improve tolerance to high temperatures. This last is an important quality in Chongqing, renowned as one of the most fiercely hot cities in China.

Tianfu Cola is one of more than 20 Chinese-made cola look-alikes. They are being promoted hard at the same time as the Coca-Cola corporation of the U.S., with four factories inside China, is trying to win a foothold in the market. Pepsi-Cola has also entered the fray, opening a factory in Shenzhen, the special economic zone bordering Hong Kong.

Other Chinese soft drinks manufacturers have launched drinks said to resemble "Coke." Shanghai has Xingfu Cola, while the Qingdao Soft Drinks factory makes a cola based on the famous Laoshan water source nearby. In China's far north-east, a competitor in Dalian produces Ginseng Cola.

The Tianfu Cola Drink Corporation has a staff of 700 and a turnover in 1984 of RMB 18m, eight times as much as in 1977 when the company started as Sichuan Drink Factory. It first produced the cola drink in 1981.

Profits and taxes, not clearly distinguished yet in the transition year of replacing profit transfers to the state by tax payments, were RMB 6m. The plant has five production lines, four made in China and a fifth imported from East Germany.

The German line, with parts from Hungary, produces 200 bottles of cola per minute and was a lot cheaper than similar equipment from West Europe, Mr Zhang said.

"And it had an extra even bigger advantage: there was no need for foreign exchange. We bartered it."

Priority is now being given to improving the product, and packing. Tianfu Cola is packed on a line in Guangzhou imported from West Germany for U.S.$320,000. It is an equity joint-venture, the Guangzhou Huacheng Soft Drink Corporation packs the soft drinks of 57 factories all over China which ship their condensed liquid to Guangzhou (Canton).

In August a new West German production line will be delivered to the Chongqing plant by Seitz Ensinger Noll. It is a cash purchase for U.S.$690,000.

Tianfu Cola is exported in its local very sweet form to Hong Kong, Macao and South-East Asia. "Sweetness can be adjusted for each market," says Mr Zhang.

WILLEM VAN KEMENADE

Robert Thomson looks at three aspects of communications in the area

Special status may hasten developments

New policies

EVERY MORNING and late every afternoon, and occasionally at times in between, there is a communication breakdown in Chongqing. Traffic entering and leaving the city is brought to a standstill because good roads are, literally, few and far between.

An inadequate road system is part of a network of communications problems Chongqing must overcome if it is to realise the ambition of becoming the industrial and communications centre of south-western China. Telephone and telex systems are outdated, river shipping has bcome lethargic, rail links are over-burdened, and it takes four days for e letter to reach Peking.

The land-locked municipality has a natural communications advantage, sitting as it does at the confluence of the Jialing and Yangtze rivers. That blend of land-locked isolation and accessibility made Chongquing the natural choice for the Chinese capital during the "anti-Japanese war."

The Nationalist Generalissimo, Chiang Kai-Shek, realised at the time that, from Chongqing, he could reach more of his fronts with supplies than any other city that had not fallen to the Japanese.

Chongqing has plans for upgrading the overcrowded roads. The seventh five-year plan, beginning next year, provides for the building of a four-lane road between Chongqing and Sichuan's capital, Chengdu, and it is hoped that the road will be further upgraded to freeway status during the eighth five-year plan.

In all, the municipality controls 7,000 km of roads. The deputy-director of the Chongqing Economic Commissions' communications section, Zhang Yushu, admits that the present collection of roads is "narrow and they zig-zag."

"Our plan is to improve the quality of the road surface, and to expand the width of the road," says Mr Zhang. The wisdom of the plans cannot be faulted, but whether the money is available to undertake large-scale road renovation is another matter.

A key communications project in the seventh five-year plan is the electrification of three rail lines radiating from Chongqing. Electrification of a single Chongqing -Chengdu line is expected to be finished by the end of this year.

Next year, work will concentrate on the electrification of the line between Chongqing and Guiyang in Guizhou province, to the south, and after that, the line between Chongqing and Xiangfan in Hubei province, to the north-east. Mr Zhang estimates that electrification will double the freight capacity between Chongqing and those three cities.

In the meantime, freight will remain stalled in warehouses as the over-extended railway system struggles to cope with growing demand. The movement of key export produce has been guaranteed, but other produce will have to wait in line.

Last year, the railways carried 9.25bn tons (up 18.4 per cent on 1983) of the 14.1bn tons of freight moved in Chongqing (up 16.9 per cent), while 4.467bn tons was carried by ship (up 13.9 per cent) and 384m tons by road (up 12.2 per cent).

The Chinese government has attempted to lure trade away from rail transport by lifting charges for short-haul journeys of 100km or less by 37 per cent. This should provide an incentive for producers in Chongqing to use river shipping to transport the goods. However, river transport (in e time of transport "tension," as the Chinese call it) has, strangely, stagnated.

Passenger volume on waterway transport throughout the country fell 1.3 per cent last year. Mr Zhang advances several good reasons for the lack of growth in shipping trade.

"The government did not invest a large enough amount of money on ports and dredging the river. This has affected freight cargo," he said. "Because shipping is slower, all departments would like to use railways to ship the goods."

The neglect has been recognised. The list of key projects includes: "vitalising the inland navigation through the Yangtze river system by constructing ports and wharfs according ot a unified plan, making the wharfs more mechanised and dredging the river to increase its navigability."

Plans for the modernisation of Chongqing's telephone system appear to be "on hold." The Post and Communications Bureau boasts that there are "eight times the number of telephones as before liberation." In e population of just under 14m, that amounts to just over 30,000 telephones.

The municipality had planned to buy a program-controlled exchange from a Belgian-Chinese joint venture to manufacture exchanges in Shanghai. China Post and Telecommunications Industry Corporation has a 60 per cent share in the project; Bell Telephone Manufacturing Company, a Belgian subsidiary of ITT, has a 30 per cent share; and the Belgian Government has a 10 per cent share.

Production was due to begin in Shanghai in October this year, but the starting date has been pushed back, at least, for a few months. Chongqing has been told that the 10,000 line exchange it wanted will not be ready for delivery, as had been expected, near the end of next year.

A Belgian Embassy spokesman in Peking said that problems had arisen in Shanghai over the provision of "electricity, water and buildings," and "management."

Officials in Chongqing said they understood that the project had hit a barrier at Cocom but the Belgian Embassy sees no such obstacle: "If this is the main concern of the Chongqing people, they should not worry. The Cocom problem is solved."

Instead of waiting for the delayed Shanghai project to produce the goods, Chongqing has been negotiating directly with the Bell Telephone Manufacturing Company for a U.S.$4.27m contract to supply a Belgian-made 10,000-line local exchange and a 500-line long distance exchange.

But these negotiations, too, have stalled, and e director of the Chongqing Municipal Post and Telecommunications Bureau, Mr Li Yongzhang, cannot be sure when an exchange will arrive. He says that a Japanese company has "learned that Chongqing is developing its telecommunications system . . . from our contact with the Japanese, their machines are cheaper than the Belgians."

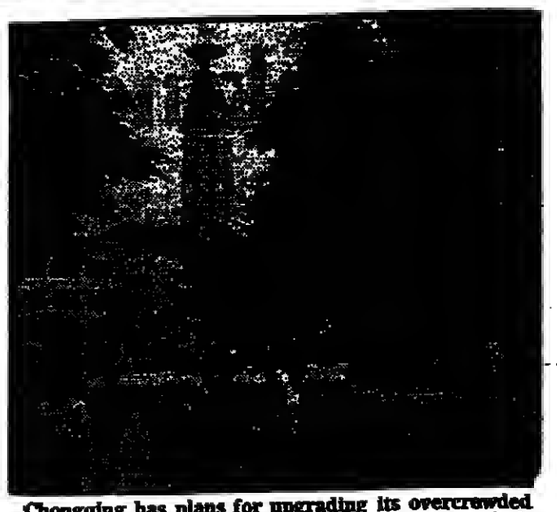
Before either deal is complete, the bureau will continue the eternal quest for a long-term foreign loan. Mr Li adds, cryptically, that "some friendly countries are willing to give us support," but he did not specify what that meant.

He considers that post and telecommunications charges are too low, and that a rise is inevitable in the next year or so, though that decision will be the responsibility of the Central Government.

"It is most probable that there will be some change, but the Government is very cautious when it makes changes because it affects everyone," he says.

Mr Li believes that, as with several other facets of Chongqing's development, communications would have expanded more quickly had the municipality not been under the control of the Sichuan provincial authorities, based in Chengdu.

"Now that the Government has given us special status, we can develop more quickly," he adds.



Chongqing has plans for upgrading its overcrowded roads. Above: utility vehicles parked in the city's central area

Competition on the waterways

Profile: Minsheng Shipping Co.

ROBERT THOMSON

FROM THE mist-shrouded waters of the Yangtze River, the Minsheng Shipping Company—pre-Communist China's largest conglomerate—and a group of old and self-confessed capitalists have resurfaced with e growing fleet of barges and grand expectations.

At 7.30 each morning, the company's great helmsman and general manager, Mr Lu Guoji, and his management staff gather in three draughty offices on the Chongqing waterfront to plot means of regaining the trade lost when the company and its vessels were taken over by the Chinese Government after the Communists came to power in 1949.

The re-appearance of Minsheng is one of the more unusual cases of the Chinese Government loosening central control to give companies independence, and of harnessing the skills of old capitalists in the country's modernisation drive.

Minsheng II has already put competition back into the waters of the Yangtze between Chongqing and Shanghai, where its barges haul coal downstream, and steel products and varied consumer goods, upstream.

Ten months ago, the company was barge-less, now it has three tugs and 12 barges, and orders have been placed with a local shipbuilder for more of both.

The original Minsheng was founded by Mr Lu's father, Lu Zuofu, who committed suicide soon after his company was seized. At its peak, the conglomerate employed 10,000 workers, ran a fleet of 150 vessels, and had diversified interests in coal, textiles, printing and steel.

In the 1940s, Minsheng had close links with the Nationalist Government, which made Chongqing the Chinese capital during World War Two. One of the owners was a brother-in-law of the Nationalist Generalissimo, Chiang Kai-Shek.

The company's vessels were taken over by the state-run Yangtze Shipping Company, which has had e monopoly on the river trade, a trade which has become sluggish in recent years and which the Government is attemptnig to stimulate.

The Yangtze Company also inherited Minsheng's office building, which is now used as a hospital for the state-managed company's employees. Mr Lu and friends et Minsheng already have plans to build e new office block.

Mr Lu (junior), 62, who calls himself e "capitalist of socialism," reckons competition is e healthy thing. (The company's offices are lined with hand-written, motivational slogans such as "work faithfully and treat people honestly," and "serve the four modernisations, make the people rich and the country strong."

"In order to develop shipping in the Yangtze River, the Government has allowed us to be established," he says. "It goes without saying that there is competition. With competition there is progress."

An old-boy network has helped refloat the company. About 80 members of the present staff of 300 were employees of the original Minsheng, and another 20 are children of former employees.

The company's financial structure reflects the Chinese Government's marriage of convenience with the ways of capitalism. Shares have been sold to all employees, who can invest a maximum of $3,570 in the venture.

Employees are prohibited from buying other shares, but their interest entitles them to a portion of the company's profits each year. The company has received e loan from the Bank of China's Chongqing branch, and the Government has helped by giving Minsheng two tax-free years to get on an even keel.

Minsheng has total control in running its affairs. Staff can be hired and fired, and arbitrary prices set, and there is the potential to expand its operations into other fields.

Mr Lu hopes to more than double the tonnage of the shipping company's fleet by the end of this year—"next year we will extend to ocean shipping. We hope that our ships will go everywhere," he says.

He claims that the company will thrive because it handles goods more quickly, efficiently and carefully than the state-run operaion. His staff are prepared to work longer hours than those of the large competitor, and forego Chongqing's traditional three-hour lunch break in summer.

According to the wizened Mr Lu, the Minsheng staff have an annual income of at least yuan 1,200 (about $400), about 20 per cent more than the Yangtze Shipping Company's employees, and the gap will widen when a share of the profits flows back into their pockets.

"I feel good because we are doing the correct thing. In this way the country can be strong," says Mr Lu, who has a "sentimental relationship" with the Yangtze River.

Others have been impressed by Minsheng's revival. Mr Lu claims that he has received 3,000 letters from people wanting to work for the company, most of them "intellectuals and college-educated people," tired of the strictures imposed by the bureaucracy of state-run enterprises.

"Perhaps it has got something to do with the old Minsheng. There have been many articles written in Chinese magazines and newspapers about the good service and the contribution to the people during the anti-Japanese war."

As to whether Minsheng might again be sunk by a change in China's political winds, Mr Lu comments: "We are confident that will not happen. We have no such fear."

New airlines face foggy issues

Airlines

ROBERT THOMSON

WHEN THE airline that will be known as China South-Western Airways gets off the ground, its fleet of aircraft is unlikely to provide competition to the state carrier, CAAC (Civil Aviation Administration of China), which is badly in need of rivalry to lift its services to a higher level.

Even China's leading financial newspaper, the "Economic Daily," has attributed CAAC's poor service to "a lack of competition." But a Chongqing aviation official stressed that the new airline would "complement" the operations of CAAC.

The Chongqing-based planning chief of the Sichuan Aviation Administration Bureau, Mr Xie Youli, says that South-Western Airways, which is to be based in Sichuan's capital, Chengdu, will be an "economic entity," but there will not be competition between the airline and CAAC.

"CAAC is a government department. The new airline cannot compete with a Government department," he says.

Late last year, CAAC announced that its services would be divided through the formation of four separate regional airlines, of which one was South-Western Airways, and a helicopter company. At the time, it was claimed that those airlines would have autonomy enough to buy their own planes from overseas.

In mid-July, Boeing announced that it had reached agreement with South-Western on the purchase of four 737s, worth $26m each, with delivery to begin in November this year and to be completed by June, 1986.

Mr Xie expects that some of the aircraft purchased in CAAC's spending spree of well over $1bn already this year will also find their way into the South-Western hangers: "CAAC is buying some of these planes on behalf of regional bureaus," he says. "Maybe some will be for us."

With the responsibility of purchasing aircraft, there will be pressure on the new airline — it was due to be formed officially in November, but Mr Xie was not exactly sure when start-up will be — to raise its own foreign exchange.

International

South-Western will have services to Peking, Shanghai, Canton, Nanjing and several other cities, Mr Xie says international flights are "doubtful," particularly in the short-term, but he does not exclude the possibility in the longer-term plan.

For the Sichuan Aviation Administration Bureau, the new airline will be a few grades higher than the aviation service it oversees at present. It has limited control over passenger and freight movements in Sichuan, and neighbouring provinces of Yunnan and Guizhou, and in Tibet. It is also responsible for agricultural aviation in those regions, which will all be part of South-Western.

Crop-dusting flights are severely limited by the inability of farmers to pay for the service.

Although Tibet, in theory, is entitled to agricultural flights, Mr Xie admits that, in reality, because of the high mountains "we can't go there."

Chongqing's mountainous surroundings provide another another problem for aviation in the municipality, fog. My flight from Peking to Chongqing was delayed for six hours (without explanation) because of fog, which descends in the early morning and generally clears in the early afternoon.

The fog made Chongqing, better known in the west as Chungking, an impossible target for Japanese bombers for six months of the year during the anti-Japanese War. From May, 1939, for the six relatively clear months, Chongqing, the wartime capital of China, suffered bombing raid after bombing raid.

Wong Songqian, secretary of the Sichuan Aviation Administration Bureau, said that from September through to March the area is often fog-bound: "There is the fog and often the clouds are very low. Another problem is the geographic location."

The longest grounding of planes in recent times has been for a week. Mr Wong says that accumulated delays for each foggy month can be measured in days or, at worst, weeks, while for the clear half-year the monthly accumulated delays can be measured in hours.

Chongqing authorities are confident the construction of an "all-weather" and "international standard" airport will cut the fog-related delays and increase the municipality's role as a communications centre in China's south-west.

A feasibility study has been completed at the site in Jiangbei County, about 25 km from the centre of Chongqing, and design work has begun for the runway and terminal buildings. If all goes to plan, the first stage will be finished by the end of 1987 but both Mr Wong and Mr Xie suggested that work could go on well into 1988.

The project will include an hotel complex at the airport and municipal officials are hoping to sign contracts for overseas assistance in technology, expertise and money. Xiao Yang, Chongqing's mayor, estimated that the total cost will be Yuan 400m, with $40m in foreign investment, much of it from the U.S.

"It is difficult to finalise these projects in e few months. The reason why I say they have been finalised is because we have e commitment from our foreign friends," said Mayor Xiao.

While the airport will be of international standard, with a main runway of about 2,600 metres capable of taking 747s, whether international flights will originate from or conclude in Chongqing is another matter.

Higher grade

Mr Xie explains: "For the construction of the airport, we have to consider international standards. It is not up to Chongqing to decide if we have international flights. It is up to the state to decide. They have not decided." In contrast to the mayor, Mr Xie said no final cost had been estimated for the project, and no estimate would be made until the design work is finished. Similarly with technology, he said, Chongqing will not know exactly what equipment it needs until the airport has been designed.

Whatever the final figure, Mr Xie said the Government and Chongqing municipality would share the cost, with an important variehle being how much foreign money, if any, Chongqing is eble to muster for the project.

Despite the long-haul between today and a completed airport, and between estimated cost and money in hand, Mr Xie and Mr Wong are reasonably confident that the new airport will have e smooth landing: "It is progressing well."

Cuts in spending have forced arms manufacturers to diversify by exploiting the domestic market for much-needed products

Consumers to the rescue

Manufacturing

DAVID DODWELL

CHINA'S DEFENCE spending has been cut sharply since 1979, forcing major readjustments by the country's arms manufacturers. But if Chongqing's 100 or so defence manufacturers have been hard-hit by these cuts, then they are making a brave face of it.

To lessen the impact of the cuts, arms manufacturers have been helped to diversify into production for the consumer market. At the same time, Peking's arms salesmen have invested considerable effort into increasing exports of defence equipment.

On both counts, they seem to have achieved successes. In Chongqing, where about 20 per cent of the 1m industrial labour force works in defence factories, officials estimate that 55 per cent of their output—about RMB 800m—is now for the civilian market. This compares with a bare 7 per cent in 1979.

Even after these cuts, China is reputed to be the world's third largest manufacturer of arms, and the fifth largest supplier to other countries, behind the U.S., the Soviet Union, the UK and France.

Exports

U.S. defence experts say exports in 1984 amounted to 1.66bn yuan, making arms sales the country's fifth most important source of foreign exchange, and accounting for just under 7 per cent of all export earnings.

The figure would be much greater if it were not for the fact that much military equipment is provided at nominal or no cost to friendly countries, notably in Pakistan, Iran and some African countries.

Although China's armaments are generally understood to lag two decades behind state of the art technologies being applied in the West and the Soviet Union, they have won a reputation for supplying cheap, simple and reliable weapons.

In many parts of the Third World, where shortages of foreign exchange and the low technical skills of armed personnel are important considerations, the Chinese have won significant orders. The political fact of China's non-alignment with either the U.S. or the U.S.S.R. has also helped it to win orders from countries that want to maintain a "neutral" image. However, such export gains have not been sufficient to prevent significant cuts in arms production.

Officials in Chongqing are veiled about changes in the pattern of arms manufacture, and the effort to boost exports. This is largely because they are kept in the dark by Peking, which handles export orders through Norinco, the country's defence sales agency.

The main efforts of the Chongqing authorities have been to help defence manufacturers to adjust to civilian production. Officials are awash with examples of such diversification. Manufacturers have successfully turned their hand to such products as motocycles, vans, washing machines, pit props, refrigerators, telecommunications equipment and watches, to name but a few items. They are also exporting rare metals and special steels.

There are probably examples of manufacturers that have suffered as e result of the cuts, unable to adapt their skills effectively to the civilian market. Unsurprisingly officials are unwilling to reveal them, or to talk about them.

Officials in the defence industries division of Chongqing's Economic Commission prefer to talk of a change of emphasis, rather than of cuts in arms procurement as such. Since 1975, when the then-Premier Zhou Enlai pinpointed national defence as the last of the country's "four modernisations," the majority view in Peking has been that defence spending has expanded et the expense of manufacture for the domestic economy, pre-empting the scarce supply of scientific, engineering and managerial talent.

It was argued that massive "war preparations" in the mid-1960s, following China's break with Soviet Russia, caused severe dislocation of the civilian economy. Since 1975, and Zhou's ranking of economic priorities, the dominant view has been that civilian and military development must go hand in hand, and feed off each other, or both would suffer.

The only year in which this policy faltered was 1979, when China was in conflict with Vietnam. Defence spending surged sharply, but briefly.

The result of this effort to find a better balance has been an emphasis on integration of the two sectors. Defence factories, thought to account for about 6m workers nationwide and about 10 per cent of the country's industrial output, nowadays derive an estimated 30 per cent of their earnings from civilian production, and Chongqing is illustrative of this trend.

Two reasons

Chongqing became a major defence manufacturer for two main reasons. First, as the wartime capital of Chiang Kai-Shek's Nationalist Government which was effectively under assault or seige from Japanese troops for 11 years between 1936 and 1947, it developed into a major industrial centre, with arms industries supplying the Nationalist Army.

Secondly, and probably more important, Chongqing was, in the early 1960s shortly after the tranmatic break with the Soviet Union, pinpointed along with Hubei, Hunan and Guizhou provinces as a "third line" industrial base for arms manufacture. This third line was thought to be safe from attack from any direction and, in particular, was intended to be able to fuel Chinese military operations in the event of a successful invasion of northern China by the Soviet Union.

With 200,000 jobs linked to the arms industries, which range from warship and aircraft manufacture, to tanks, armaments, strategic metals and aerospace equipment, there can have been few cities in China so threatened by the decision to curb military production. While officials refuse to admit as much, Chongqing's importance can be reflected by the officially disclosed fact that in 1984, one third of the 1.8bn Yuan worth of civilian goods produced by China's arms factories came from the city.

By this year, many one-time defence factories have been transformed to a point where all but a tiny proportion of output is for the domestic consumer market. The Chongqing Shipbuilding Plant, once an important builder of warships, now makes Yangtze river barges and other civilian craft.

It has built a 105-metre floating restaurant and conference centre for the city of Nanjing. It makes washing machines under the "Sailing" brand name. In all, officials say 90 per cent of current output is for civilian use.

Similarly, the Chongqing Radio Factory, which used to make military communications equipment, now makes telephones and microwave equipment for civilian use. Military equipment now accounts for less than 10 per cent of output.

The Southwest Aluminium Corporation, based in Xipen township, south of Chongqing, produced aluminium and other strategic metals exclusively for the military when it was set up in 1964. Now 70 per cent of its output (200m Yuan output in 1984) is for civilian use, ranging from aluminium sheets, strips and coils (exported in small quantities both to Japan and South Korea) to window frames, automobile equipment, welded tubes, and building materials. The company will soon be making aluminium foil with foreign cooperation.

A number of other defence manufacturers have moved into production of various motor vehicles. Most famous is Jialing *(see separate report)*, which is now China's leading supplier of motorcycles, sold under the Jialing Honda label.

At the same time, the Jianshi Machine Tool Factory is now producing motorcycles in collaboration with Yamaha of Japan, while the Changan Machinery Plant, which used to make cannon and armoury, is making small vans in collaboration with Suzuki. The Wangjiang Machinery Plant, which also used to make cannon, now makes hydraulic pit props for the coal industry, and is discussing with Mercedes Benz of West Germany e co-operative venture to manufacture trucks.

The aim is to make factories self-sufficient. In cases like Jialing, this has clearly occurred. All claim they can demand much higher profit margins for products aimed at the consumer market than they can for goods produced for the Ministry of the Ordnance Industry (MOI), but it is uncertain whether they have reeched levels of efficiency, productivity or profitability that would be judged acceptable to most Western manufacturers.

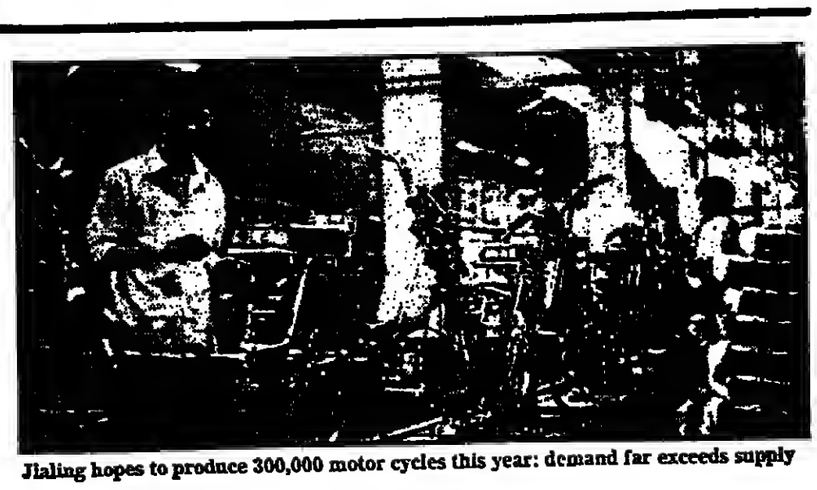
The shift into civilian manufacture is credited with creating new jobs. While over one third of the 200,000 workforce originally employed in manufacture for the defence industries can now be assumed to have shifted over to civilian production, officials claim that 25,000 new jobs have been created.

Jialing is said to lead the field, accounting for about 1,000 new jobs. If true, the importance of this cannot be underestimated, given the pressure to reduce China's rural labour force as agricultural productivity and efficiency in the countryside improves.

Savings

Officials claim that the decision to integrate development in the two sectors has not only allowed cross-fertilisation of research and development efforts, but has allowed considerable investment savings. At Jialing, acting director, Mr Han Youmin says the Honda production line, which would have cost more than 600m Yuan to build from scratch, has actually cost the group 6.3m Yoan by the time the plant reachee full annual output of 300,000 motorcycles a year, he says 15m Yuan will have ben spent.

As officials in Chongqing try to modernise industry, boost exports, and improve the supply of consumer goods to the Chinese public, so it has become clear that the city's defence industries will be the cutting edge for this effort. To an extent, the city's importance as e driving force for economic growth in China's south west depends on their success. They still have much ground to cover, but the achievements so far of many defence manufacturers provide an encouraging foundation for growth.



Jialing hopes to produce 300,000 motor cycles this year: demand far exceeds supply

PROFILE: JIALING MACHINERY FACTORY

Honda deal on motorcycles

UNTIL 1979, the Jialing Machinery Factory was an arms manufacturers. Since then, it has become China's leading supplier of motor cycles. Its venture with Honda of Japan stands as a model for collaboration with a foreign company, while its success in shifting away from the arms business has won tribote from a government keen to trim defence spending and to mobilise the technologies of the defence industry to boost the supply of consumer goods.

The agreement with Honda was sealed in 1982. Until then, Jialing made 50 cc machines, boosting output from 55 in 1979 to 70,000 in 1982. The Honda deal enabled Jialing to revamp the original machine in line with Japanese technical advice, and to design a new model, the 70 cc Jialing Honda.

Last year, Jialing made 130,000 of its 50 cc machines, and 40,000 Hondas, and the target this year is to turn out 300,000 machines—170,000 of them Hondas. At the half-year stage, they were almost on target.

Jialing does not make China's biggest motor cycles, but it accounts for 40 per cent of national production, with its parts supplied by just under 200 factories in the Chongqing area.

The country's other leading plants include one in Shanghai that makes 125 cc and 250 cc machines also in collaboration with Honda; Suzuki in a venture in Jinan, in Shandong province, making 50 cc and 100 cc machines; and Yamaha, which makes 50 cc and 80 cc machines at the nearby Chongqing motor factory.

While Japanese companies are the major players, groops in West Germany, Italy, France, Switzerland and Austria have been involved in selling advanced technology to motorcycle manufacturers.

China now has a total of about 100 factories turning out motorcycles, and plans to put about 800,000 on to the domestic market this year. The current waiting list for motorcycles is estimated at 2m, despite the price of machines. Jialing's modest 50 cc machine retails at 940 Yuan, about a year's salary for most Chinese workers, while the Honda costs 2,800 Yuan.

"When we first began production, we advertised on the radio and in newspapers," says acting manager, Han Youmin, "bot in recent years there has been no need for adverts because we can't meet the demand from customers."

An advertising campaign is about to be mounted, however, for two new and larger models just being brought on to the market. It is a sign of the times in China that Jialing has since 1980 done its own marketing, employing 120 people in its selling department.

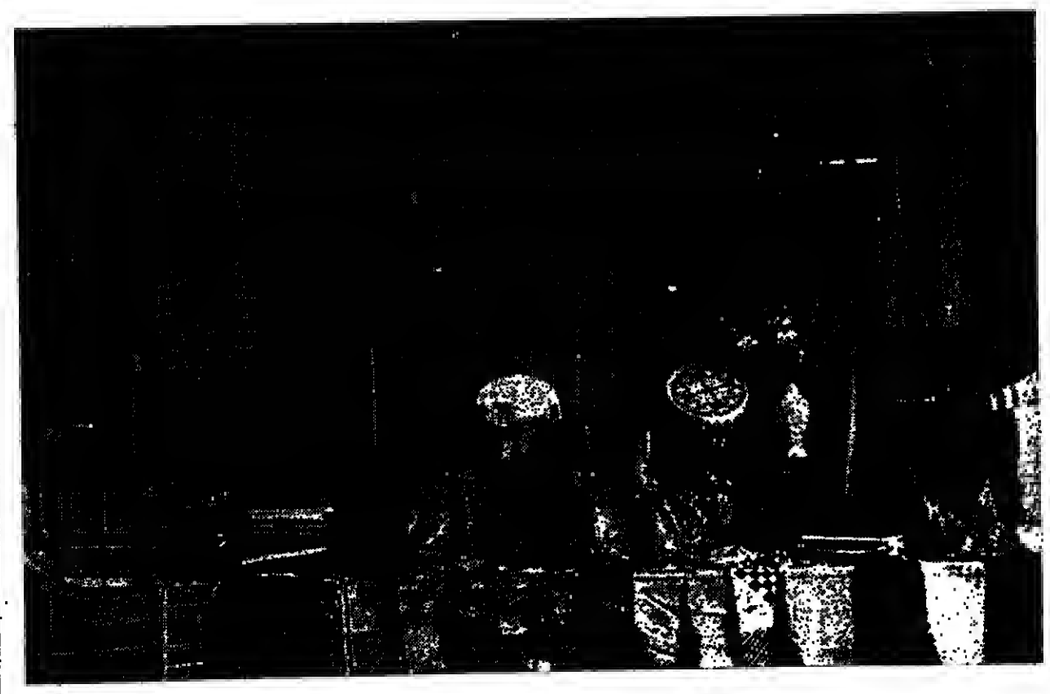
Mr Han claims that Jialing's work as an arms manufacturer equipped it well to shift into motorcycle production. Large scale presses, and surface treatment machinery, were easily adapted. Where a new factory would have cost upwards of 50m Yuan, the two production lines, set up in collaboration with Honda, cost a modest 6m Yuan.

Company sales amounted in 1984 to 170m Yuan, with more than half of this coming from motorcycle sales. Out of profits of 10m Yuan, motorcycles accounted for about 80 per cent. Mr Han notes bluntly that the company is allowed to charge a higher profit margin on its motorcycles than it can on its discreetly veiled arms production.

As defence industry orders have been trimmed in line with Peking's policy of putting more resources into the civilian economy, 3,000 of the 4,000 workers involved in the Honda venture have been transferred from arms manufacture.

From Honda's point of view, returns are at present modest, but could surge as production rises. About half of the engines being used for the 70 cc machine are being imported from Japan, while the company takes 1 per cent of the retail price of each machine. This year, this should amount to about 6m Yuan. At any one time it has up to 17 technicians working at Jialing as advisers.

DAVID DODWELL



Sichuan's farming sector shows signs of recovery

The weather causes fluctuations of fortunes

Agriculture

ROBERT THOMSON

IN A year of abnormally high rainfall, with the immediate threat of flooding in and around Chongqing, what most troubles the local farmers is the danger of a long and debilitating drought.

The municipality's officials expect drought conditions every second year, and after a few years of good rains, there is a feeling down on the farm that a drought is not far away —and that when it does come it will stay for a while.

Chongqing and its province, Sichuan, have found that, like the weather, regional agricultural fortunes have fluctuated. Before the Cultural Revolution, Sichuan was known as China's "rice bowl" and the "kingdom of abundance."

As China bled internally in the chaotic years after 1966, Sichuan became the famine-stricken "land of tragic disaster," where stories abounded of families selling their children for rice coupons. In 1978, Zhao Ziyang, now the country's Premier, became first secretary of the Sichuan Communist Party, and encouraged self-management of factories, introduced workers' bonuses for increased productivity, and reorganised farming techniques.

The recovery of Sichuan's agricultural sector, under Zhao, led to the peasants engraving his name in lore: "to soothe your hunger pang, look to Ziyang."

At the Shiqiao township, about 15 km out of central Chongqing, Zhao is most fondly remembered for having re-introduced the private plot.

The township's accountant, Miss Liu Anhui, explained that private plots had been regarded during the cultural revolution as a sordid offshoot of capitalism. Miss Liu said the brigade's workers were also delighted when they received permission to run sideline industries.

The township's managers are revelling in the freedom of an emancipated market and the opportunity to diversify their interests — and diversify they have — sideline factories churn out knitwear, elastics, shoes and rubber goods, among others. But they are less than pleased, however, by increases in the cost of machinery.

Local managers say that the rise has come from greater freedom given to individual factories to respond to the market. In other words, market forces are fine in limited doses.

"The price is too high. The peasants here hope that the state can allocate machinery according to a state price. That state price is better," says Miss Liu. The price of machinery will be a growing concern, as the township is intent on expanding its operations and, with limited farmland available, the peasant agriculturalists are becoming peasant industrialists.

Export crops

While the peasants have the freedom to choose which crops they grow, Chongqing is under Central Government pressure to produce more export crops. Planning authorities have asked the municipality to increase production of exportable peaches and grapes for example.

The research director of the Chongqing agricultural commission, Mr Li Weizhou, said that the municipality can "only give guidance" to farmers on developing export crops and would not require any farmer to cultivate anything he or she did not want to cultivate.

"We will just tell them that some country would like the fruit," says Mr Li. Similarly, municipal authorities advise on likely shortages in the domestic market. Last year, overall fruit production rose by 7.3 per cent from 1983 to 127.5m kg in the municipality, but crop growth has been unbalanced.

This year, for instance, there has been a glut of water melons and a shortage of Chinese cabbages. Mr Li is certain that farmers will respond to the market signals, and the supply of agricultural products will even out.

The Central Government's export expectations have created another problem in Chongqing; which does not possess the processing facilities needed for export products. Mr Li and the authorities have been knocking at various overseas doors, seeking funds to buy processing equipment.

"In the future we hope to introduce some advanced technology for processing agricultural products. We will have a foreign loan, and with the export funds we will repay the loan. Now we are trying to get a loan from various sources, from the World Bank and from Italy," says Mr Li.

"We haven't decided how much we will borrow. We are planning to import technology, but we have not decided how much we will buy." Italian companies have already been negotiating joint ventures for the building of a chicken farm, and the construction of a storage facility for the municipality's large orange crop, which rose 2.2 per cent to 108.18m kg last year.

One of the larger citrus farms in the area is at Shapingba, north of the city, where agriculturalists have again turned industrialists, and run the Jinkou Drink and Can Factory.

The 1,800 acre farm was established in 1957, and produces about 200,000 kilos of citrus fruits annually. Once the whole crop was sold at market, but now only a small part is taken to one of the municipality's 800 free markets, and the bulk is used in the manufacture of sweet soft drinks.

According to the farm's chief planning officer, Zhou Chengxuan, the decision in 1979 to switch from purely primary production to a primary-processing mix was made "because we had the raw materials, so we thought we could make drinks."

In 1981, the farm and factory made a profit of 240,000 Yuan; in 1982, 710,000 Yuan; in 1983, 1.5m Yuan; and in 1984, 1.02m Yuan. Mr Zhou said the profit fall was due to increased capital expenditure to expand the soft drink empire.

The factory is expecting delivery of a $560,000 bottling production line from Mitsubishi of Japan. That will be, Mr Zhou hopes, just the first in a long line of foreign equipment to improve the production potential of the plant.

Glamour

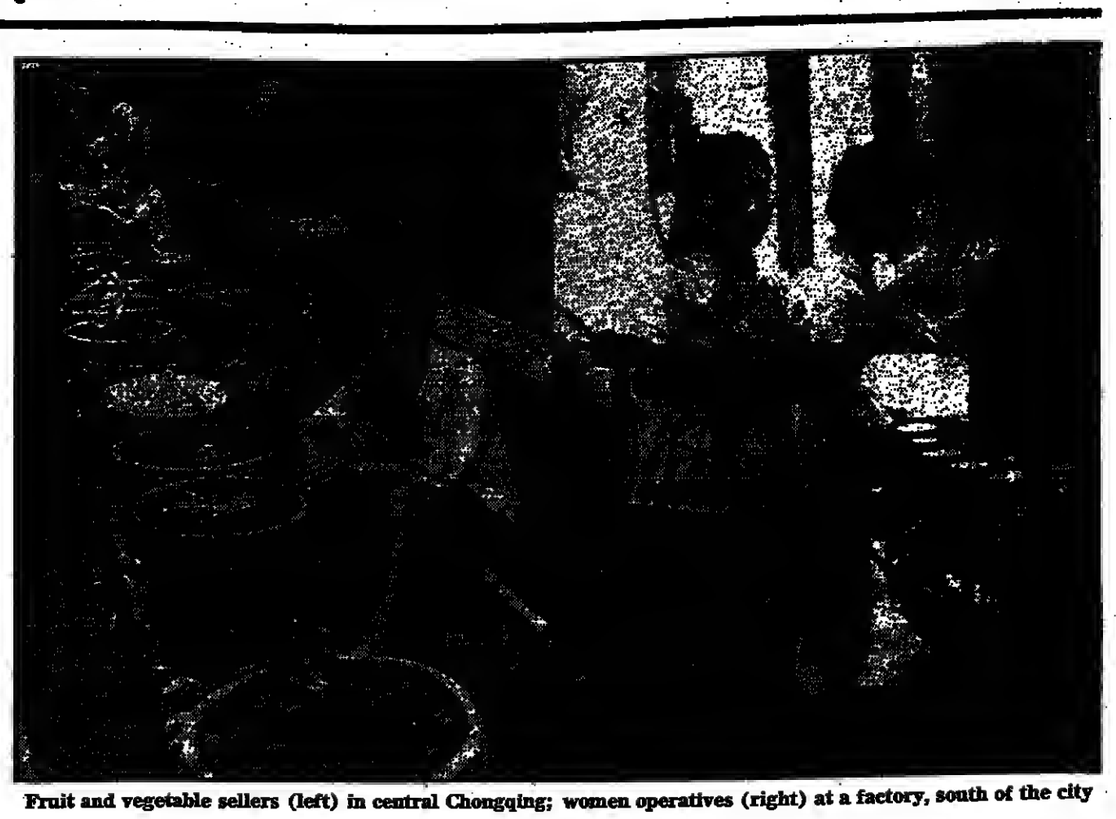
"We want to increase production as much as we can. We have a saying that 'if you only develop agriculture, without developing industry, you cannot get rich'."

However, Mr Zhou and company at Jinkou are not quite as certain of where the soft drink market will lead them—"At present, we are not sure what kind of drinks we should develop," he says.

And they have discovered that the production line has brought other concerns. As well as a long-term worry about the effects of drought on the citrus crop, this summer, Jinkou's managers had the more immediate concern of an abnormally high rainfall and an accompanying drop in soft-drink sales.

Chongqing's glamour export item, silk, recorded a small rise in production last year, with silkworm output up 1.7 per cent to 22.13m kg about two-thirds of silk production is exported.

The municipality maintains its reputation as an important grain producer in a country that has succeeded in becoming grain self-sufficient, to the chagrin of American exporters who were left holding unfulfilled contracts. Last year, total grain production in Chongqing rose 5.1 per cent to 6.686m kg.



Fruit and vegetable sellers (left) in central Chongqing; women operatives (right) at a factory, south of the city

Experiments to reduce shortage

Energy

ROBERT THOMSON

FACED with an energy shortage, Chongqing has developed a disorganised collection of gap-fillers ranging from diesel generators to the rudimentary yet functional marsh gas, formed through the fermentation of vegetable matter and human faeces.

Realising that the energy demands of industry cannot be met, the municipality has begun to experiment with electricity prices in an attempt to make Chongqing more energy efficient, and is restricting the operating hours of energy inefficient industries.

Twenty-five large industrial enterprises are involved in the pricing experiment, in which the factories have been encouraged to become nocturnal through cutting night-time electricity prices by half. Each of the enterprises has a daytime kilowatt quota and those using more than their share will be charged at 80 per cent above the standard rate for the excess.

The steel and aluminium industries have been most affected by periodic shutdowns due to energy shortages. Shutdowns are most common during what is called the energy "low season," from November to March, when river levels are low and hydro-electric generation is below capacity.

Fluctuations in hydro-electric supply have made thermal power stations the preferred energy source. Two 200 megawatt MW plants are under construction, and both are expected to be completed in the next two years.

One of the municipality's key projects is to build a thermal power station at Luohong with a generating capacity of 1,200 MW. The deputy director of the energy section of the Chongqing Economic Commission, Mr Gong Lianpo, estimates the total electricity needs of the municipality at 400 MW, a rather conservative figure considering the ambitious plans for expansion.

He reckons that the present peak capacity of the electricity power stations is around 400 MW, of which a third is generated by hydro-electric plants. But he admits that the power stations operate well below capacity, so a major part of his job is to encourage users in the relatively new practice of energy conservation.

"In order to meet the demand for agriculture and industry, we should, on the one hand, develop electricity and, on the other hand, save energy," he says, while describing Chongqing's plans to overcome its energy deficit.

With the increased reliance on thermal power stations, the area's rich coal reserves are to play a significant role in energy development. The most pressing question is whether Chongqing will be able to bring the coal out of the ground fast enough to satisfy the demand.

The Coal Industrial Corporation of Chongqing oversees the municipality's estimated coal deposits of 2bn tonnes, and recently has had talks with British Petroleum and several Japanese companies about joint ventures in the exploitation of the reserves. Discussions with all comers so far are at an early stage.

According to the corporation's assistant manager, Mr Tan Baiqin, Chongqing's economic development "cannot be separated from coal: generally speaking there is a bright future for the coal deposit. With the introduction of key technology, it will be much better."

The lack of sophisticated technology dims the bright energy prospect that is coal. Mr Tan admits that mining enough coal to keep the planned thermal power stations running will be difficult without the introduction of technology to extract the coal and then to lower the sulphur content.

"The sulphur content is too high and it is not an easy job to lower it," says Mr Tan. The sulphur content is 3 to 4 per cent, and the corporation is hoping to lower it to 0.6 per cent, with specialised equipment.

"We plan to import some advanced technology for coal dressing. That will improve the quality of the coal, and the scope of the use of the coal. We also expect to have safety production equipment, so that we can handle the gas safety and deal with fires in the mines.

"We hope to have contact with overseas companies both ways. On our part, we will take the initiative and hope that foreign companies will respond. It will take time to assess the value of the foreign contribution," he adds.

The corporation has already signed a Yuan 20m deal with the Polish Coal Ministry to provide machines for extraction in shafts sunk at awkward angles. Mr Tan explained that the lie of the land in Chongqing is not suitable for open cut coal mining, and the Polish equipment, due to be delivered in the fourth quarter of this year, will help improve the municipality's capacity to win coal.

When the planned thermal power stations come on line in the years ahead, according to Mr Tan, annual coal production will have to be lifted from 10m tonnes to 14m tonnes. He is confident that the gap can be filled. If it is not, the power shortages that are seriously hindering industrial output will continue to be a problem, despite the new power stations.

And despite the fact that Chongqing has rich natural gas reserves, large areas are still dependent on the use of primitive marsh gas. The volatility of marsh gas was shown on June 25 this year, when a build-up of the gas in a sewerage tunnel exploded in the city, killing at least 26 people and injuring 92 others.

The blast razed about 80 homes and damaged 130 more in the old river-front district of Daziguo, and disrupted the city's power and water supplies.

Mr Gong, of the economic commission, said that Sichuan Province has an estimated 500bn cubic metres of natural gas reserves, in ten main gas fields. Most of them are in eastern Sichuan. There are, he says, three obstacles that have to be overcome before Chongqing can fully benefit from the resource.

"First, we have to determine which field can be used most effectively. Second, we have to improve the equipment for using natural gas. Third, we have to make it burn as fully as possible."

In the energy field, says Mr Gong, the Sichuan provincial authorities in Chengdu still have "too much control," to the detriment of Chongqing's energy development — "that is why we have to develop our own energy resources to meet the needs of the region," he explains.

PROFILE: SICHUAN VIINYLON

A turnkey project turns sour

THE Sichuan Vinylon works of the China Petrochemical Corporation in the rural township of Changshou ontside Chongqing was one of a series of turnkey purchases from Western countries during the early 1970s by China.

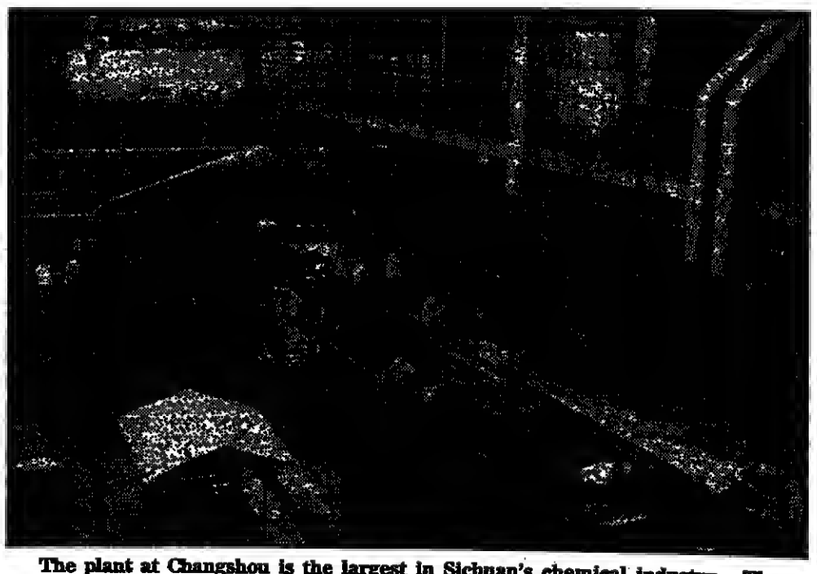
It was intended to bridge the technology gap (estimated at some 20 years) between China and the West. The plant has never worked for more than 10 months a year. It highlights problems of transplanting high-technology equipment to places where infrastructure is poor. It also raised questions from which the Chinese Government has learned about major economic decisions at that time.

The original US$50m contract consisted of an ethylene complex bought from the French engineering concern Speichim, an acetylene facility from the West German company BASF, a methanol plant from ICI of the UK and vinyl acetate equipment from the French company Rhone Poulenc.

The second phase was a US$23m polyvinylon alcohol (PVA) plant from the Jepanese company Kururai. PVA is being used for vinylon yarns and vinylon fibres, and a large spinning mill is part of the complex.

The raw material for the works is natural gas, of which Sichuan claims to have the largest reserves in China. Preparatory and construction work lasted from 1973 to 1979 and the plant became fully operational in 1980. Employment is 10,000, and output is 95,000 tonnes per year of methanol and 45,000 tonnes of PVA and other by-products.

According to Mr Wen Jiaxin, the plant's general manager, a chemical engineer trained in the USSR in the 1950s, vinylon fibres helped to make the plant profitable in 1979 for the first time. In contrast, however, foreign industrialists familiar with the industry in China say the profitability of China's chemical industry is probably artificial. Prices of raw materials and energy are subsidised and textile fibres cost domestic buyers two to three times the world market price.



The plant at Changshou is the largest in Sichuan's chemical industry. The operation suffers from many problems which beset similar joint ventures throughout China

Company officials point out that PVA from the plant is being exported to the U.S., West Germany, Hong Kong and Malaysia, and methanol to Japan. But the terms on which its has exported are undisclosed.

The operation also suffers from many problems which beset similar ventures throughout China. Among these are serious supply shortages. The complex closes for two months a year, ostensibly for maintenance but also, some officials admit, because gas supplies are running out.

The plant, which is the largest in the chemical industry in Sichuan, is "captive" to a single gas well which no longer has sufficient pressure. Under recent policy changes the Sichuan provincial authorities are supplying gas on a priority basis to fertiliser plants. New wells will be linked to a central reservoir and this will supply all the province's chemical plants.

Polyester yarn facilities recently acquired from Britain but yet to be installed will not depend on natural gas, however. Polyester chips are to be shipped in from Shanghai, dried and then extruded and spun into yarn. The new plant will operate all year round, officials say.

In a recent visit to the existing plant, dormant due to "annual maintenance," the overwhelming majority of its 10,000 workers were at home or elsewhere, still receiving full pay.

Officials have reservations about the wisdom of policies prevailing a decade ago to import high technology plants on a turnkey basis. One said: "Some high-ups in Peking, ignorant about planning and technology, insisted on going ahead with the venture 15 years ago, and now China is paying dearly."

WILLEM VAN KEMENADE

PROFILE: MAYOR OF CHONGQING

A technocrat comes to the top

FOR Xiao Yang, the new Mayor of Chongqing, it has been a long journey back to Sichuan Province, to become the leader of its largest city after more than 30 years' experience in key industrial positions in Peking.

His career in the capital reads like a case-study in Chinese yo-yo politics. It also strikingly illustrates the full-scale turn in China's foreign policy.

Mayor Xiao, a diminutive no-nonsense technocrat, clearly revelled in the retrospective look at the ideological tragi-comedy that Peking was during the last decade of the Mao era. In the 1950s he studied in East Germany and the Soviet Union and, in the early 1980s, he was for three years in charge of arduous negotiations for a joint venture with American Motors to set up a vast vehicle production plant in Peking.

Xiao Yang was born in Lanzhong, a small town on the Sichuan-Shaanxi border in 1930. After participating in the East Sichuan underground-movement against the Kuomintang, he headed up to Peking in 1946 with the group that took over the post-office and the water-works from the defeated Japanese.

At 19 he became director of a glass-factory, confiscated from the Japanese and the Kuomintang. He also studied electronics at Beijing's Qinghua University, the best science and technology institute in the country. Then, in 1954, he went to Dresden and Jena in East Germany for further study in optical engineering.

Back in China in 1956 he again became director of the same factory, now expanded into a conglomerate of 21 companies, the Beijing General Glass Works, with a joint workforce of 23,000 people.

In 1957, he went on a study-trip to the Soviet Union. His ambition for an all-out career in top-management was shattered in 1966 when at the outbreak of the Cultural Revolution he was denounced as a "capitalist follower of Peking Mayor, Peng Zhen," who was the first high-level vicitim of the Mao-inspired upheaval.

Because of Xiao Yang's East-European credentials he was also branded a "revisionist." He spent a year and a half in jail.

Like Deng Xiaoping a year before, the communist party ruled in 1974 that he was a "reformed capitalist." He became vice-chairman of the revolutionary committee in his old factory.

But in Spring 1976, the Maoist extremists made their last stand in launching the "campaign to repulse the right deviationist wind, whipped up by the arch-unrepentant capitalist - roader, Deng Xiaoping."

In April 1976, after the anti-Maoist Tian An Men riot, Xiao Yang was again accused as a follower of Deng Xiaoping. Immediately after Chairman Mao Zedong's death, Xiao was subjected to a peculiar kind of ideological vindictiveness: he was put in charge of engineering work at the Mao-mausoleum in Tianan Men Square under the direct supervision of Wang Hongwen, the youngest "Gang of Four" firebrand (who is now serving a life-sentence in gaol).

During the gradual return to normal life, Xiao was head of several technical departments in the Peking City Government. From 1979, he played a key role in negotiating and overseeing modern hotel construction in the capital.

But Xiao's career in Peking reached a peak during his negotiations with American Motors on a major joint venture for the production of utility vehicles.

"We started talking in 1979 when there was no legislation. From 1979 until 1983, we held 347 meetings and, eventually, the seemingly impossible was achieved: the interests of American capitalists and the requirements of a socialist, developing country were both met. If you can achieve that . . ." says Xiao, leaving his comment unfinished, but hinting at the complexity of the negotiations.

After the conclusion of the American Motors project in late 1983, Xiao was sent back to his native Sichuan, possibly at the instigation of Deng Xiaoping or premier Zhao Ziyang. He first became Vice-Mayor in 1984 and was elected Mayor in June, this year. His predecessor, Yu Hanqing, according to local sources, had apparently failed to resolve factional feuds.

Xiao's old connections from the civil war days, his foreign education, his more recent experience with Western capitalism and, last but not least, his consistent, unmistakeable commitment to orderly economic development policies, may prove an asset that Chongqing has not enjoyed much in the past. American Motors has visited Chongqing 14 times in recent years, though not for a second vehicle factory.

Many of the city's departments, even those which deal with foreigners, are often staffed with inexperienced people from the provinces. The new major is determined to improve the situation by bringing in more experienced staff and speeding up local training projects.

The new mayor calls his action programme "The Three Ups":

● A local clean-up: through the combined effects of a foggy, humid climate, plus pollution and landslides, Chongqing has become a dusty and dirty city.

"We have to improve facilities, such as water and gas supplies; we need to discipline our people and improve hygiene levels," says the mayor. Stringent fines are now imposed on anyone littering the street.

● Opening-up new markets: The mayor sets as an essential condition for development a substantial increase in exports (10 per cent of local produce by 1987), because without a big rise in foreign exchange earnings, the increase in imports of high-technology for modernisation cannot continue for long.

● A bureaucratic shake-up: "We have more and more departments, but less and less work is done," he says. "We should streamline further and disband departments that are irrelevant in a planned. market economy."

The mayor says he has started on these easier issues before attempting to get to grips with the city's daunting problems of economic modernisation. He has nevertheless not shunned drastic measures.

He has hired Japanese advisers and given them executive powers, for example.

Mayor Xiao has only five years to lay the foundation for a modern Chongqing, because retirement at 60 is now mandatory for leaders in his position.

"If I am successful, the Communist Party will get the credit. And if I fail, it will be me who gets the blame," he says, frankly. But with his track-record, he will not be a man to admit failure easily. He faces an uphill struggle, but he may well have the right skills and determination to succeed.

WILLEM VAN KEMENADE

Mayor Xiao Yang: facing an uphill struggle

Looking after nearly 14m people

Administration

WILLEM VAN KEMENADE

ADMINISTERING the city of Chongqing is, in quantitative terms, rather like ruling a medium-sized country. In area, the sprawling municipality is, for example, larger than Israel and, in population, it is twice as large as several medium-sized European countries. Chongqing's development is not the result of steady growth, but of sweeping administrative measures in the last 40 years.

In 1937, the year when the Kuomintang established its wartime - government head - quarters in Chongqing, the city's area was 93.5 sq km with 476,000 inhabitants. By 1945, the year of the Japanese surrender, Chongqing had been enlarged more than three times to 328 sq km and its population had more than doubled to 1.24m.

The victorious communists made Chongqing the seat of the South-west Bureau and they more than doubled its territory in 1950. But the most drastic annexations of neighbouring counties took place in the early 1970s, first by expanding its size to 9,848 sq kms and 6.5m people. By 1983 it had been further increased to 22,341 sq kms with nearly 14m people, making it the largest municipality in China.

The bulk of Chongqing's population increase in wartime consisted of government servants, business people, factory workers and refugees, many of whom left again once the war was over. Communist officials point out, however, that the wartime expansion under the Kuomintang laid the foundation for the city's modernisation in the 1950s. (One official in the Economic Commission suggests that old wartime friendships with Chinese, now living overseas, and also with Americans, had proved useful in the re-opening of the city to the outside world.)

When, in the early 1950s, Chongqing became the base for the South-west Bureau, overseeing political, military and economic planning in the four South-western provinces of Sichuan, Guizhou, Yunnan and Guangxi, the bureau (housed in the "Red Crag," the wartime residence of Zhou Enlai, who served as communist ambassador to the Kuomintang government), was first headed by Deng Xiaoping and his former military chief marshal, Liu Bocheng, also a native of Sichuan.

Shoppers look for bargains in a Chongqing meat market: before the Cultural Revolution the Sichuan region was known as China's "kingdom of abundance."

Because of the continuing civil war with the Kuomintang, which now rules in Taiwan, and the blockade by the American Seventh Fleet, China's industrial policy in those days concentrated upon heavy industry in remote inland regions.

By 1954, the six regional bureaux were showing centrifugal tendencies to such an extent that the central authorities scrapped the regional set-up. Chongqing became a city under the provincial administration of Sichuan in Chengdu.

Officials claim that bureaucratic competition between the rural provincial capital, Chengdu, and the more cosmopolitan river-metropolis and inland-port as the most important reason for the slowdown in Chongqing's development through the 1960s and 1970s.

Other factors, listed by officials, include:

● Progressive stagnation, caused by rigid adherence to a Soviet-style system of central planning.

● Factionalism, which had become more pervasive than elsewhere.

● Poor leadership and inefficient administrative policies.

The expansion of the municipal area to embrace Qijiang, in the south-east, and Changshou, in the north-east, improved Chongqing's food and gas-supplies and broadened its industrial base. In 1972 Changshou was chosen as the base for a major gas and chemical plant with a workforce of 10,000.

The merger with Yongchuan area in 1983 meant that Chongqing became the only city in China to be self-sufficient in coal. The merger coincided with the granting of special economic powers by the Central Government.

Before the annexations of 1983 Chongqing consisted of nine urban districts and four rural counties. Today it embraces eight more counties. In area Chongqing is now three times the size of Shanghai; twice the size of Tianjin and 1.3 times that of Beijing. But Ma Li, of the Structural Reform Committee, is quick to add: "When we say it is the largest city in the nation, we refer of course to its area and population, but not its economic strength, which is far from being the first in the country."

The municipality's highest policy-making group is the Communist Party Committee, which is in charge of general policy direction. In factories, the local party secretary plays "second fiddle" to the manager, whereas, at city level, the party secretary is, in the words of Mayor Xiao Yang, "the chairman of the board—and I am the general manager."

The highest legislative body is the Municipal People's Congress (MCP) with some 800 members. Theoretically, it elects the mayor, but in practice, the mayors of major cities are appointed by the Central Government. Then, through a process of consultation, they are "elected" by the Municipal People's Congress.

Since the MCP meets only once a year, like the National People's Congress, it elects from its own ranks a Standing Committee that meets more frequently. This exercises its legislative and supervisory powers and nominates senior officials.

The mayor is the chief-executive of the Municipal People's Government and implements all major decisions of the Communist Party. He is assisted by an executive committee, made up of himself, the five vice-mayors, the heads of the six municipal commissions and 39 bureaux, plus the Secretary-General of the General Office.

Chongqing answers directly to the Central Government in matters of economic planning and foreign economic relations. In other matters, it still has to follow the instructions of the provincial government.

A drastic process to streamline the city's institutions is now under way. The MCP, during its annual session in early June abolished 86 temporary organisations that had been set up in 1980 to implement economic policies. It also abolished 320 double posts. Mayor Xiao Yang says the streamlining process is far from over.

The simplification may have far-reaching but positive results for local industries. Under the old system, factories were often administered—many would say interfered with—by half a dozen or more competing municipal groups.

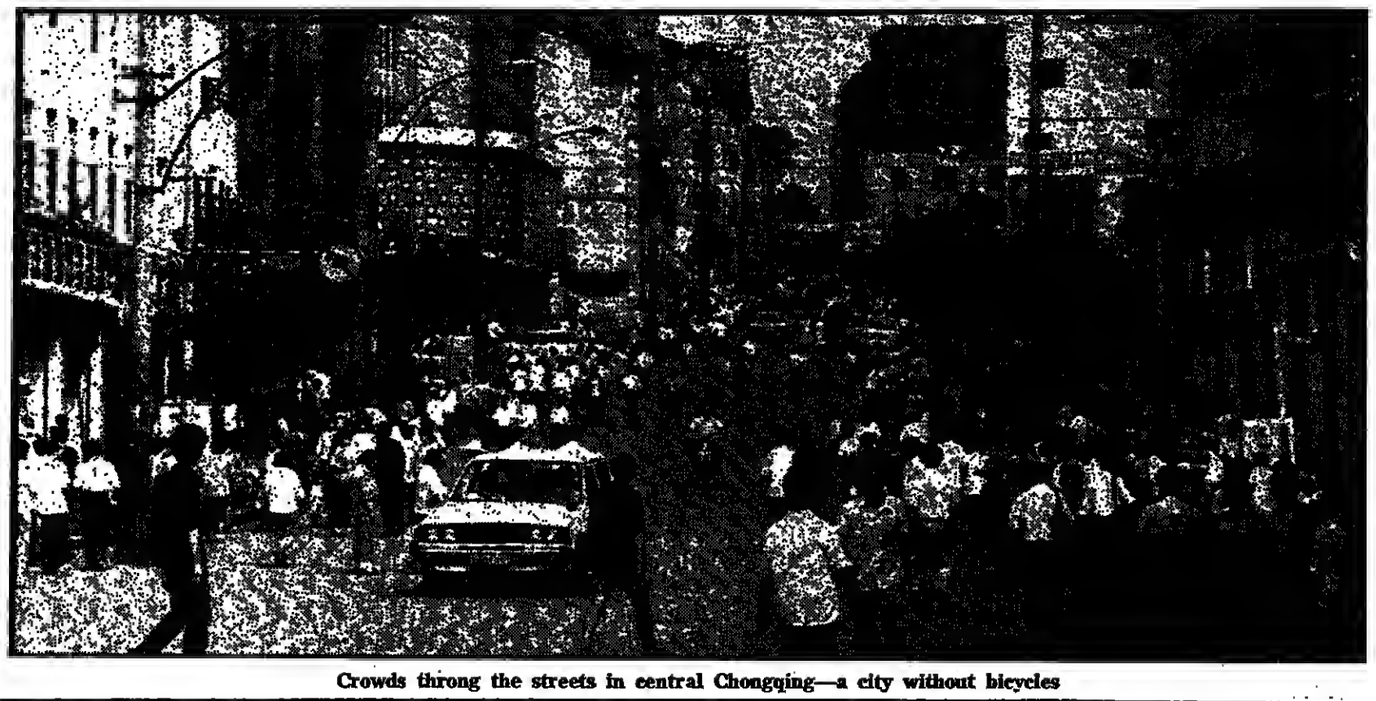
If the reforms in Chongqing prove successful, the city may eventually become China's first fully-fledged inland Special Economic Zone. Unlike some coastal zones, which are now under a cloud because of various shortcomings, Chongqing does have much better access to raw materials, with a large base of trained manpower and an established, though obsolete, industrial base, but how it comes to terms with its relative remoteness from export markets has still to be seen.

University orders computer system

CHONGQING UNIVERSITY has placed a £250,000 order for computer systems from Mancos Computers (Far East), which is a Hong Kong subsidiary of the British computer system development group, Mancos Computers of Fallowfield, Manchester.

Mancos has been negotiating entry into the Chinese market for nearly two years. The first order is for a package comprising an American-built Digital Equipment VAX 11/750 computer, terminals and printers. Mancos is providing its own communications software and equipment, with training and after-sales support from its Hong Kong subsidiary.

Smiles for overseas visitors in the grain section of a Chongqing market. The city's authorities are seeking to attract more longer-stay visitors from abroad. More hotels are being modernised



Crowds throng the streets in central Chongqing—a city without bicycles

Leisurely approach to exploiting province's attractions

Centre for Yangtze cruises

Tourism

ROBERT THOMSON

ON THE lush slopes of Huangshan, about 20 km south of Chongqing, a rundown house that is home to four families carries a large sign telling tourists that the property is both occupied and out of bounds—so go away.

The tourism official who led an inspection explained that the house was once the villa of General George C. Marshall, the U.S. Chief of Staff during the World War Two, and later the U.S. "mediator" between the Nationalist and Communist Chinese. At the time, the U.S. Government was actively supporting the nationalists.

Another tour guide later suggested that Marshall had never stayed there at all. The second opinion was that Marshall's villa was 50 metres up a muddy garden path . . . a three-storey house in a similarly ramshackle state.

The first official maintained that this home to five families was really the villa of Chiang Kai-Shek, and attracts the odd Taiwanese tourist who has come to admire a past haunt of the Nationalist Generalissimo.

Those two villas tell much about the development of Chongqing's tourist industry, which is attempting to make the city more than a transit lounge for tourists taking a boat down the Yangtze River and through its gorges.

Development of tourist attractions is now the formal responsibility of three groups in charge of tourism: the Chongqing Tourism Company, the China International Travel Service (Chongqing branch), and the Chongqing China Travel Service. Development is left to all and sundry other bodies, which will improve facilities at their own pace.

A tourism official explained that those two villas should be renovated next year, but the work and the timing will be left to the managers of a Communist Party Sanitorium on the other side of the hill. The Sanitorium managers are just one of many groups responsible for tourism in an industry top-heavy with bureaucracy.

Three organisations

Wang Zhiguo is the deputy general manager of the Chongqing Tourism Company, and the deputy general manager of the China International Travel Service, Chongqing Branch, and the Deputy General Manager of the Chongqing China Travel Service (the three organisations split the handling of visits by local Chinese, foreigners, and overseas and compatriot Chinese, and foreigners). Mr Wang explained that some staff work for two of the three groups, but if the third is short-staffed, then staff from the other two can work for it, as well.

Asked whether three sometimes overlapping organisations are the most efficient way to run a tourist industry, Mr Wang said: "It is efficient because in reality, it is one. If one is in need, the others can help."

Chongqing's economic report for last year stated that 36,379 overseas visitors passed through the municipality, a 28.5 per cent increase on 1983. Mr Wang suggested that there were in fact 30,000 visitors, up from 24,000 visitors in 1983.

The visitors stayed an average 1.5 days in Chongqing, and about 60 per cent of them took the Yangtze River cruise. What Mr Wang and the four other deputy general managers in the three tourism bodies are attempting to do is ensure that Chongqing holds the interest of tourists for longer periods of time.

Mr Wang concedes that there is not enough good quality accommodation to go around. At present, Chongqing has 500 rooms with bathroom, and aims to increase that figure to 1,700 by the end of 1987.

Among the planned projects are the renovation of the Chongqing Hotel at a cost of $5m; also a $7m extension of the distinctive Renmin Grand (which has an enormous auditorium betwen its two wings, said to be modelled after the Peking's Temple of Heaven); and the building of a $20m hotel, the Yangzijian, with 400 rooms.

Local officials have adopted a rather casual approach to the renovation of the Renmin Grand. As Mr Wang describes the situation, the municipality was going to bear the cost itself, and then decided to seek overseas assistance.

"Many companies would like to make this investment because this will get a return very quickly. Now we are not in a hurry to sign a contract quickly," he says.

In early July, the Chongqing authorities were negotiating, at their leisure, with "three or four" Hong Kong companies.

If Chongqing is to hold tourist interest, the "captive audience" mentality will have to be shrugged off. Facilities in the Renmin Grand—visitors are "honoured" to spend just one night in its precincts, according to one local official—are inflexible, and designed for the rush-through tourist groups.

Business people and tourists spending more time in the area will find, for example, that the Renmin Grand's menu is fine for the tourist breakfast—dinner and departure the next day, but is lacking in variety for those staying longer of their own free will or of necessity.

A problem for the tourist groups is the weather in the "mountain city." Not for nothing is it known as one of the three "furnaces" of China. Fogs frequently delay landings and take-off at the present airport, which is in a fog-shrouded basin, about an hour's drive from the city centre. A new airport is planned, but until plans are translated into bricks and mortar, delays are likely to remain chronic.

The delays cause a chain reaction of disruption to itineraries, which generally include a visit to the Dazu stone carvings, in Dazu county, 160 km north-west of Chongqing, which date from the 9th and 10th centuries. Then there is Red Crag village in Chongqing city, formerly the home of Zhou Enlai and headquarters of the Communist Eighth Route Army.

Disruptions

There is, also, a history of disruption to the Yangtze River cruises. In June, a landslide halted river traffic for over a week, stranding passengers in Chongqing. Tourist officials say that such things are rare, but one tourist who had a stage chopped from her tour because of the landslide found that four days in Chongqing were a few days too many.

About 40 per cent of tourists to Chongqing come from the U.S., between 20 and 30 per cent from Japan, and the remainder from South-East Asia and Western Europe. Unusually, the French outnumber the West Germans, who are much more frequent travellers in China, as the Dazu stone carvings are widely-known in France.

A tourist guide, Mr Chen Zunhua, who works for the China International Travel Service, Chongqing branch, and the Chongqing China Travel Service, observed that the French request to see two collections of stone carvings, whereas other tourists are happy with the one.

Americans, says Mr Chen, often want to be taken to historical sites from World War Two (the old U.S. Embassy and Marshall's villa among them). Europeans are generally more interested in the area's cultural heritage; and the Japanese, meanwhile, have a fascination with the parks and Buddhist relics.

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday September 10 1985

Massey-Ferguson plunges to $5.9m loss

By Bernard Simon in Toronto

MASSEY-FERGUSON, the Toronto-based farm equipment and industrial machinery maker, suffered a net loss of U.S.$5.9m, or 11 cents a share, in the three months to July 31, compared with a profit of U.S.$7.4m, equal to 3 cents a share, a year earlier. Sales declined from U.S.$406.9m to U.S.$372.5m.

Losses in the first half of fiscal 1985 totalled U.S.$5.5m against profits of U.S.$9.8m a year earlier.

The company's recovery continues to be impeded by the unremitting decline of the North American market for combine harvesters. Industry sales have fallen by a quarter in the past year, and Massey-Ferguson forecasts total industry sales this year at 10,000 units, less than a quarter of peak levels in 1979.

Massey's combines division lost U.S.$8.2m in the latest three-month period, bringing its losses to more than U.S.$18m in the first half of the current fiscal year, up from U.S.$1m in 1984. The company's total sales in value terms have slumped by 20 per cent in the U.S. in the past year and by 38 per cent in Canada.

Despite the poor performance in combine harvesters, the company posted a second-quarter operating profit of U.S.$1.7m. The closure of plants in France and Italy resulted in an extraordinary charge of U.S.$7.6m.

Mr Victor Rice, chairman, identified the depressed combines market and the restructuring of capital as Massey's major problems. Long-term debt totalled U.S.$621.8m on July 31, down from U.S.$697.5m a year earlier.

Vice-chairman takes over at Petrofina

By Paul Cheeseright in Brussels

PETROFINA, the Belgian petroleum and energy products group, has secured continuity in its management with the appointment of Mr Jean-Pierre Amory, who has spent his working life with the group.

Mr Amory, 60, was vice-chairman and a long-time associate of former chairman Mr Adolphe Demeure de Lespaul, who died last month. His successor as vice-chairman is Mr Pierre de Tillesse, another Petrofina career man.

Mr Amory's background is on the technical side of the oil industry. He graduated as a mining engineer at the University of Louvain and was then sponsored by Petrofina in postgraduate studies at the University of Oklahoma.

He was in the field from 1954 to 1968 working his way through the hierarchy of Petrofina's Angolan operations, before spending five years running a Belgian chemical subsidiary.

Sears joins credit card field with 'Discover' launch

BY TERRY DODSWORTH IN NEW YORK

SEARS ROEBUCK, the U.S. retailing and financial services group, is entering the increasingly busy U.S. credit card market this week with the launch of its "Discover" card in Atlanta, Georgia.

Discover will be the first national general service credit card introduced into the U.S. market since Visa and Mastercard in the 1960s. However, Sears is also aiming to use the card as a link between the array of financial services it has built up in the last few years.

Mr Edward Brennan, president, says the card will ultimately deliver range of credit, banking, brokerage and insurance services. These are all products that are currently available in Sears stores – the company owns Dean Witter, the brokerage group, for example, and Allstate Insurance – and the aim will be to use the card to move funds around the different services, or buy each and any of them.

In addition, Sears is putting together a network of companies that accept Discover as a general credit card. These include Hilton Hotels, Unocal (the U.S.'s thirteenth largest oil company), American Airlines, Budget Rent-A-Car, Holiday Inns, Denny's restaurants and Hospital Corporation of America.

The card's application within Sears will initially be limited to its Greenwood Savings bank, which will deliver funds through automated tellers on the same principle as a banking card. This service will be gradually extended so that all of the Sears' group banking, insurance and broking transactions conducted on the card will be billed on one monthly statement.

Sears also plans to sell certificates of deposit, make loans and market the increasingly popular individual retirement accounts (Iras) through the card.

Discover's debut has caused a tremor in the established industry because of Sears' fabled marketing strength. The company already has experience in the credit card business with its Sears charge card, the U.S.'s largest provider of revolving credit, and is proposing to offer Discover free of charge for the first two years.

Around 30,000 businesses nationally are believed to have agreed to accept the card, and Sears says that it expects between 7m and 10m of its existing credit customers will join the Discover card system. It will carry a 19.8 per cent finance for unpaid balances of more than 30 days.

● First Pacific International (FPI) of Hong Kong said yesterday that Sears, through its Sears World Trade subsidiary, would emerge with a Fl 80m ($24.3m) holding in Hagemeyer following a restructure of the lossmaking Dutch-based commodities group, our Financial Staff writes.

Hagemeyer, currently 69 per cent owned by FPI, is to recapitalise with a share issue representing some 20.6 per cent of its expanded equity. The issue, priced at FL 55, will leave Sears with 20 per cent of Hagemeyer's South East Asian operations.

FPI will have its stake reduced to 55 per cent, while Sears will in addition take 75 per cent of the Hagemeyer activities in the rest of the world.

At the same time, FPI reported a $3.35m net loss for the first half of 1985, which it attributed entirely to the deficit at Hagemeyer. FPI is the trading and distribution arm of First Pacific Holdings, which is in turn controlled by the Liem family of Indonesia.

NMB taps market with Fl 474m rights issue

BY OUR FINANCIAL STAFF

NMB, one of the big three Dutch commercial banks, plans a Fl 474m ($147m) rights issue to top up its capital base.

The issue will be on a one-for-10 basis at Fl 185 a share. NMB shares closed in Amsterdam yesterday at Fl 214, up from a low point earlier this year of Fl 148.

The bank, which last month reported improved profits for the first half of 1985, says the new funds will be used to bolster equity capital and keep solvency levels in line with the growth of bank lending.

NMB also stresses that the financing is part of the general move by Dutch banks to improve capital ratios "in line with international banking agreements."

The rights issue rounds off a busy summer of capital measures by NMB, which placed shares in Switzerland earlier in the year, made stock dividend issues and raised a debenture in June. It takes nominal equity up to Fl 1.8bn and increases bank net worth to Fl 2.8bn.

For the first half of 1985, the bank's net profits improved by 19 per cent to Fl 85.5m. The interim dividend was raised, and NMB looked forward to higher profits for 1985 as a whole.

The bank, which is 22 per cent owned by the Dutch Government, has expanded rapidly outside the Netherlands in recent years. It is currently negotiating to purchase the Hamburg branch of the Nederlandse Credietbank.

The interim results reflected stable loan loss provisions of Fl 290m. Balance sheet total at the end of June stood at Fl 71.2bn, up 4 per cent on the December 1984 figure.

Canadian Pacific reverts to single unit

By Robert Gibbens in Montreal

CANADIAN PACIFIC, the country's largest transport, industrial and resource group, is planning to become a single holding company again as it was before 1962.

CP, the parent company and holder of the transport subsidiaries, wants to merge with Canadian Pacific Enterprises (CPE), which holds the non-transport industrial and resource interests.

Since CP already owns almost 70 per cent of CPE, the merger offer amounts to a bid for the publicly-held minority shares of CPE.

The minority shareholders of CPE would get 1.675 shares of CP for each CPE share, indicating a value of C$29.73 (U.S.$21.76) per CPE share based on last Friday's market price of CP shares, or a premium of more than C$3 per share.

Eventually CPE would become a wholly-owned subsidiary of CP. The total common shares outstanding of CP would rise to around 300m, assuming all CPE minority holders convert.

CP, including its interest in CPE, had consolidated revenues of C$14.6bn in 1984 and earnings of C$376.9m or C$5.24 a share. In the first half of this year it earned C$141.6m or 66 cents a share. Recovery from the 1982-83 recession has slowed mainly because of poor resource performance. Assets at the end of 1984 were C$18.7bn.

In 1962 CP separated its non-transport interests into Canadian Pacific Investments to speed diversification and keep them away from any government attempt to nationalise the railway and its property.

In 1980 CPI became CPE. More recently both Power Corporation of Canada, the holding company of Montreal financier Paul Desmarais, and the Caisse depot, the Quebec investment agency, became sizeable shareholders in CP.

Mr Desmarais sold out his direct interest for C$218m in June.

There is some speculation that CP's strategy in merging with CPE is to put control further out of reach through increasing the number of shares outstanding. Management has always stressed that CP should be widely held with no single group exercising control.

CP said the merger would facilitate integration of both groups, and establishment of one management. It would lead to better co-ordination of financial resources, and the common shares of CP "will better reflect the value of the assets and earnings of the combined corporation."

Most analysts argreed that the prime reason for the merger proposal is that Canadian Pacific wants to improve its operating and financial efficiency.

FRENCH PHARMACEUTICALS GROUP BUILDS UP CASH FOR RAPID EXPANSION

Sanofi on the takeover trail

BY PAUL BETTS IN PARIS

SANOFI, the fast growing health care and biotechnology company 60 per cent owned by the French state-controlled Elf-Aquitaine oil group, is to set up a war chest to enable it to seize new acquisition opportunities, especially in the U.S. and the Far East.

The health care company, which was created 12 years ago and has seen its sales rise from FFr 2bn a year in the 1970s to FFr 15bn ($1.67bn) this year, recently announced a rights issue to raise FFr 800m and is planning to launch its first Eurobond issue on the international capital markets next year.

M Rene Sautier, chairman of Sanofi, who also heads Elf-Aquitaine's extensive traditional chemicals operations, says he wants to see Sanofi accelerate its export business because "the French market is too small and the European market is too weak for our ambitions and resources." He adds that "the U.S. and the Far East hold the biggest promise for us and we must have the necessary resources to be able to move quickly in these promising markets."

Although he claims he has no specific acquisition targets at present in the U.S. and in other export markets, M Sautier emphasised that the latest capital increase, involving one new share for every seven held at a subscription price of FFr 520 per share, was largely designed to give Sanofi the funds to snap up opportunities when they came.

But M Sautier does not intend to use the fresh funds to diversify Sanofi's existing businesses. "We want to consolidate our presence in the businesses we already own," he says.

Sanofi is now active in three core activities – pharmaceuticals and health care; cosmetics; and biotechnology. Elf-Aquitaine, which is betting heavily on the new biotechnology industries, has recently completed a major regrouping of its assets in the sector around Sanofi. This has involved the creation of a new subsidiary called Sanofi Elf Bio Industries, which is 65 per cent held by Sanofi and 35 per cent by Elf.

The new subsidiary has changed the business profile of Sanofi. Before the regrouping health care accounted for 60 per cent of total sales, perfumes and beauty products for 30 per cent and bio-industries for a mere 10 per cent. Bio-industries have now grown to 28 per cent of sales compared with 48 per cent for health care and 24 per cent for beauty products. Out of estimated sales of FFr 15bn this year, bio-industries will account for FFr 3.5bn.

Although Sanofi already relies on foreign markets for 52 per cent of its sales, M Sautier says this is not enough. French price controls for pharmaceutical products (they increased by only 2 per cent in 18 months) and the growing financial problems of French hospitals have clouded the outlook on the domestic market. Pharmaceuticals and health care still account for the largest portion of group sales, expected to total about FFr 7.6bn this year. They also depend more heavily than the other sector on the domestic market which makes up 55 per cent of sales.

M Sautier also suggested that Sanofi was considering divesting itself from the hospital equipment business. "This is an activity which is now more fitting for an electronics company and we are not an electronics company," he said.

As part of its efforts to increase its international penetration, Sanofi has set up with American Home Products a subsidiary in New York known as Sanofi Pharmaceuticals which is 51 per cent held by the French company. It also owns majority interests in two Japanese subsidiaries: Sanofi Meiji Pharmaceuticals and Sanofi Taisho Pharmaceuticals.

Recently, the company acquired a line of pharmaceutical products from the Brazilian subsidiary of Revlon and also 50 per cent of the capital of a South Korean pharmaceutical concern.

Although there has been a slowdown in the growth rate of some of Sanofi's cosmetics sales, M Sautier said per share earnings were 17 per cent higher in the first half of this year compared to the year before. Per share earnings totalled FFr 38.53 last year, compared with FFr 34 in 1983 and FFr 28.16 the year before.

Among future growth prospects, Sanofi is relying on the detection test of the Acquired Immune Deficiency Syndrome (Aids) virus which its Diagnostics Pasteur subsidiary is now marketing. The Aids test has helped give Sanofi a good measure of public exposure in recent months, especially as the company has been involved in the controversy between the U.S. and France about authorising Aids tests. While France has authorised Abbott Laboratories of the U.S. to market its Aids diagnostic kits in France, the U.S. authorities have so far not authorised the French test in the U.S. market.

Welding demand spurs Messer

BY JOHN DAVIES IN FRANKFURT

MESSER GRIESHEIM, the West German maker of industrial gases and cutting and welding machinery, expects a further boost in sales revenue this year, spurred by continued recovery in the market for welding equipment.

The company, two-thirds owned by the Hoechst chemical concern and one-third by the Messer family, believes that sales could approach DM 2bn ($690m) this year after increasing 8 per cent to DM 1.77bn last year. The company made net profit of DM 55m last year, an increase of 37.5 per cent.

With the welding equipment industry continuing to pick up after its 1983 recession, Messer Griesheim said it had decided to introduce overtime working to deal with an increased inflow of orders, two thirds of which come from abroad.

Despite West Germany's 9 per cent unemployment rate, technically qualified workers were in short supply, the company said. Delivery dates for welding equipment were being put back as a result.

Messer Griesheim is among a growing number of West German industrial companies reporting a shortage of highly qualified skilled labour. Various branches of engineering, as well as electrical concerns – including Siemens, the country's biggest private sector employer – have already found it difficult to recruit more skilled workers.

Messer Griesheim said industrial gases should again make up 70 per cent of sales this year and welding and cutting equipment 30 per cent. Sales abroad accounted for 48 per cent of total sales revenue in the first half of this year, compared with 43 per cent in the same period last year.

Spanish deal for Nestlé

By David White in Madrid

NESTLÉ, the Swiss-based food multinational, has increased its stake in a Madrid coffee company in the latest of a series of moves to adjust its commercial position in Spain ahead of EEC enlargement next year.

Nestlé has increased to 78 per cent a 50 per cent it took in Herederos de Gomez-Tejedor in February, when it subscribed to a doubling of the company's Pta 250m nominal capital.

Strong dollar boosts dual-currency bonds

BY MAGGIE URRY IN LONDON

THE DOLLAR was making another strong showing in the foreign exchanges yesterday, further unsettling the Eurobond market. One sector to benefit, though, is dual-currency issues, and Finland launched a Y13bn deal which will be redeemed in dollars in 1995.

The deal, led by Yamaichi International Europe, comes on terms which take account of the improvement in the exchange rate since the crop of issues last month. The coupon was set at 7¼ per cent and issue price at 102. The exchange rate for redemption is Y209.50 to the dollar. The bonds were not trading actively yesterday and it is expected that a large part of the issue will be placed in the Far East. Fees are 2 per cent.

Eurodollar bonds continued the falls of Friday afternoon and were marked down by around ½ point yesterday. There were no new issues of fixed rate bonds and only equity-linked deals look likely to be successful in this environment.

Goldman Sachs announced an increase in the size of the zero-coupon bond issued by Rockefeller Centre Properties as part of its financing, which is itself being raised from $1.1bn to $1.3bn. The zero issue will now raise $215m up from $165m and have a redemption amount in 2000 of $952.25m.

In the U.S., the common stock issue has been increased from 30m to 37.5m shares with the offering price remaining at $20. Both the Eurodollar issues – the zero and the $335m coupon issue – were trading well within commissions yesterday.

Sanwa Bank set the final terms for its $100m convertible issue as indicated at a 2¾ per cent coupon for the 15-year bonds. The conversion price is Y1,486 which compares with a closing share price of Y1,410. The Swiss franc issue, of SwFr 100m, was also fixed as indicated with a 1¾ per cent coupon. This has a five-year life.

Morgan Guaranty braved the poor state of the Euro-New Zealand dollar bond market with a NZ$60m issue for IBM Credit. The bonds have a final maturity of three years but a sinking fund reduces the average life to two years. The coupon was set at 17 per cent and issue price at 101. Fees are 1½ per cent.

Even so, rival syndicate managers said the coupon was too low and suspected that IBM Credit would get very cheap floating rate U.S. dollars through the swap. With a surfeit of New Zealand dollar paper around and traders' books overfull, the issue is likely to move slowly. But dealers also argued that if any name would appeal to continental retail investors at present, IBM's would.

In the D-Mark market Deutsche Bank launched a DM 200m 10-year issue for Asian Development Bank. The terms were set at a 6⅝ per cent coupon and 99½ issue price. The conditions were seen as being tough given the nervous state of the market at present. However, the bonds were trading at a discount around the 1½ per cent selling concession.

Late in the day Dresdner Bank launched a DM 200m issue for Banque Francaise du Commerce Exterieur which is guaranteed by the Republic of France. Terms were set at a 10-year life with a 6½ per cent coupon and 99½ issue price.

Secondary market prices fell by ½ to¾ point in the D-Mark sector as dealers marked down prices following the sharp fall in the U.S. bond market last Friday.

Trading in the Swiss franc foreign bond market was subdued by the closure of the Zurich stock exchange.

Club Mediterranée, the French holiday company, made its debut in the Luxembourg franc bond market with a Lux Fr 300m five-year private placement paying a 9 per cent coupon. Lead manager Kredietbank Luxembourgeoise left the pricing open until later this week.

International bond service, Page 22

China launches floating rate CD

BY OUR EUROMARKETS STAFF

CHINA took a further step towards full acceptability in the international capital markets yesterday when Bank of China, the country's principal foreign trade bank, launched a $200m floating-rate certificate of deposit issue (FRCD). The deal, led by Orion Royal Bank, is tha first public financing for China in the London markets since the 1949 revolution.

Issues from Chinese entities are expected in the Samurai and D-Mark markets soon, though it may be some months before a fully-fledged Eurodollar issue is made.

The FRCD is designed to trade like a floating-rate note, though it is expected that it will be bought mainly by major banks which already deal extensively with Bank of China in the inter-bank market.

Six senior co-managers were recruited, reflecting a wide range of banks – Bank of Tokyo, Banque Nationale de Paris, Deutsche Bank, Merrill Lynch, Samuel Montagn and Morgan Guaranty. A larger group of co-managers was also assembled.

The five-year paper will pay interest six-monthly at the London interbank offered rate, and the paper was sold to co-managers at a price of 99.80. It was trading just above that level yesterday afternoon.

The terms are fine, but the FRCD ranks equal to deposits, a better security than many FRNs carry. The paper is not listed on a stock exchange, and the documentation involved is less extensive than that which would accompany an FRN issue.

Bulgaria may step up credit

BULGARIA is considering an increase to its $100m Eurocredit launched last month.

The deal, which has an eight-year life and pays interest at ⅞ per cent over Eurocurrency rates, was oversubscribed according to the lead bank Sumitomo Bank.

Earlier this year Bulgaria made its return to the international capital markets after being absent since 1979, with a deal which was doubled in size to $200m. This time the increase is likely to be more modest.

This announcement appears as a matter of record only

September 1985

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Washington, D.C.

Multicurrency Financing in the Equivalent of US-$ 325,000,000 provided by UNICO-Banks

Co-ordinated by **DG BANK Deutsche Genossenschaftsbank**

DM 200,000,000 6⅝% Private Placement of 1985/1992

DG BANK
Deutsche Genossenschaftsbank

Banca Nazionale dell'Agricoltura SpA · **Genossenschaftliche Zentralbank AG** – Vienna · **Rabobank Nederland**

Swiss Volksbank · **Andelsbanken a/s Danebank** · **Crédit Agricole**

London & Continental Bankers Limited

In association with
The Norinchukin Bank

YEN 5,000,000,000 Private Placement of 1985/1992

The Norinchukin Bank

DKK 225,000,000 10% Semi-Private Placement of 1985/1992

Andelsbanken a/s Danebank · **DG BANK Deutsche Genossenschaftsbank**

Genossenschaftliche Zentralbank AG – Vienna · **Rabobank Nederland** · **Swiss Volksbank**

CERA- Centrale Raiffeisenkas · **B.E.G. BANK** · **London & Continental Bankers Limited**

SFRS 50,000,000 Medium-Term Loan provided by

Swiss Volksbank · **B.E.G. BANK**

NLG 100,000,000 6½% Euroguilder Notes of 1985/1990

Rabobank Nederland · **F. van Lanschot Bankiers N.V.**

DG BANK Deutsche Genossenschaftsbank · **Swiss Volksbank**

AS 500,000,000 Private Placement of 1985/1992

Genossenschaftliche Zentralbank AG – Vienna

BFRS 1,500,000,000 Medium-Term Loan provided by

CERA- Centrale Raiffeisenkas

ECU 125,000,000 8⅝% Semi-Private Placement of 1985/1993

DG BANK
Deutsche Genossenschaftsbank

Banca Nazionale dell'Agricoltura SpA · **Genossenschaftliche Zentralbank AG** – Vienna · **Rabobank Nederland**

Andelsbanken a/s Danebank · **CERA- Centrale Raiffeisenkas** · **Crédit Agricole**

London & Continental Bankers Limited · **Swiss Volksbank**

All of these securities have been sold. This announcement appears as a matter of record only.

August 1985

silicon systems

$25,000,000

8½% Convertible Subordinated Debentures Due 2010

Interest Payable on February 15 and August 15

The Debentures are convertible at any time prior to maturity into Common Stock of the Company at $14.50 per share, subject to adjustment in certain events.

L. F. ROTHSCHILD, UNTERBERG, TOWBIN

ROBERTSON, COLMAN & STEPHENS

Series 030

U.S.$42,000,000

Short-term Guaranteed Notes issued in Series under a U.S.$280,000,000 Note Purchase Facility by

Mount Isa Mines (Coal Finance) Limited

Notice is hereby given that the above Series of Notes issued under a Production Loan and Credit Agreement dated 30th March, 1983, carry an Interest Rate of 8¼% per annum. The Issue Date of the above Series of Notes is 11th September, 1985, and the Maturity Date will be 11th March, 1986. The Euro-clear reference number for this Series is 13725 and the CEDEL reference number is 580074

Manufacturer Hanover Limited
Issue Agent

10th September, 1985

PAN-HOLDING

Societe Anonyme Luxembourg

As of August 31, 1985, the unconsolidated net asset value was U.S.$171,425,824.92, i.e. US$244.89 per share of US$50 par value.

The consolidated net asset value per share amounted as of August 31, 1985, to U.S.$250.61.

Ireland
£100,000,000
Floating Rate Notes
1996

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three months period 6th September, 1985 to 6th December, 1985 has been fixed at 11⅞ per cent per annum.

Coupon No. 4 will therefore be payable at £1480.31 per coupon from 6th December, 1985.

Samuel Montagu & Co Limited
Agent Bank

INTL. COMPANIES & FINANCE

Newmont hopeful for Nevada gold find

By Ken Marston in Londoo

AN "IMPORTANT" gold discovery in north-eastern Nevada is claimed by Newmont Mining, the diversified U.S. natural resource major in which London's Consolidated Gold Fields has a stake of 26 per cent.

Newmont says that drilling to date on the prospect – the "Genesis" – and others on the company's 400-mile Ranch property indicates a tentative 50m short tons of mineralisation, containing around 5m oz gold.

Assay results from 12 holes drilled to date to depths of up to 800 feet have given gold values ranging from 0.09 oz (2.8 grammes) to a *good* 0.63 oz per short ton. In addition there are lower grade zones which could be amenable to heap, or dump, leaching.

The mineralisation appears to be an extension of that from the company's big Carlin open-pit gold operations, three miles away. Carlin, together with the company's Gold Quarry, Maggie Creek, Blue Star and Bootstrap mines in the area, have combined ore reserves of some 185m tons containing 12m oz gold.

● Newmont is paying $165m for Aminoil (Netherlands), a natural gas producer with an average output in the first half of this year of 27m cu ft a day. The seller is Phillips Petroleum, which bought Aminoil of the U.S. and its foreign subsidiaries from R. J. Reynolds the tobacco group, last October for $1.6bn, our Financial Staff writes.

The disposal appears to mark a further stage in Phillips' steady stream of asset sales as it struggles to relieve the $7.8bn debt burden on its balance sheet incurred by the capital reconstruction which fended off the attacks of Mr T. Boone Pickens earlier this year.

Phillips' board was also expected to approve yesterday the sale of the company's geothermal energy reserves in California, Utah and Nevada. These have been on the block for several months and are likely to fetch at least $200m.

Jacobs Suchard expects to lift 1985 profit after price increase

BY WILLIAM DULLFORCE IN GENEVA

JACOBS SUCHARD, the Swiss coffee and chocolate group, expects to improve on last year's net earnings of SwFr 120m ($50m) following a 19.4 per cent growth in sales to SwFr 2.7bn during the first half.

Higher commodity prices and currency fluctuations clipped profit margins during the six months, but the group has raised its prices to the consumer and is counting on these increases to maintain profit growth.

Formed in 1982 from the merger of Interfood (orginally Suchard) and Jacobs, the group is among the world leaders on both the roast coffee and chocolate markets. Almost 40 per cent of sales are in West Germany and 24 per cent in France.

In the first half of 1985 coffee sales climbed by 24 per cent to SwFr 1.8bn and chocolate sales by 10 per cent to SwFr 873m.

During the period Jacobs Suchard raised SwFr 315m in new capital through a one-for-three rights issue – its second funding operation within a year.

The new capital will help fund a programme of expansion and diversification which is expected to lead to more acquisitions.

The group has recently rationalised its business by concentrating production in a few key locations and trimming its product range to leading brands. During the first half it disposed of some weaker brand names in Belgium and Spain.

● Adia, the Swiss-based temporary employment company, proposes to raise its dividend to shareholders from SwFr 40 ($16.60) to SwFr 50 on the bearer shares, and from SwFr 20 to SwFr 25 on its ordinary shares, following the announcement of a 44 per cent rise in net earnings to SwFr 10.2m in the year ending June 30.

In the calendar year 1984 Adia boosted its revenues by 40 per cent to just over SwFr 1bn with 44 per cent of the total coming from the U.S.

China branch for Luxembourg bank

BY ROBERT THOMSON IN PEKING

CHINESE BANKING authorities have given approval to the Luxembourg-based Bank of Credit and Commerce International to open a branch office in the Shenzhen special economic zone, putting BCCI in second place in the foreign bank rush to open branches in China.

The approval follows the granting of permission, the first since Communist rule began in 1949, for the Hongkong and Shanghai Banking Corporation to open a branch in Shenzhen. Asked whether there would be more foreign banks allowed to operate in the zone, a spokesman for the People's Bank of China, the country's central bank said: "I hope so."

It is understood that BCCI has plans to begin work in Shenzhen next month. The bank is one of many to have applied for permission. Reports had put the number of foreign applicants at about 12, but the People's Bank spokesman said "many more" had applied. He would not give a specific number.

The People's Bank has indicated that it has two main criteria in assessing the applications: a good credit standing and "fine relations with China." Foreign banks have a restricted role under regulations issued in April governing their presence in China's special economic zone.

According to the People's Bank, foreign banks have some chance of gaining access to the rest of China, but not in the near future.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for September 9.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Amex Credit 10⅞ 00	100	100¾	101¼	−0¼	−0⅞	10.58
Amex Credit 12⅝ 90	150	104⅞	105⅜	+0¼	−1¼	10.59
Atlant Richfld 10¾ 00	250	98¼	98⅝	−1½	−1¾	11.17
Australia Com 11¼ 00	100	102⅜	102⅞	−0⅝	−0½	10.87
Australia Com 11 95	200	101¼	101¾	−1⅛	−1½	10.72
BP Capital 11¼ 92	150	102⅛	102⅝	−0¼	−0⅞	10.57
Canada 11⅛ 90	500	104¼	104¾	−1	−1½	10.17
Canadian Pac 10¾ 93	100	100	100½	−0¼	−0¾	10.66
Canadian Pac 12½ 99	75	106⅜	106⅞	−0¾	−1	11.52
CBS Inc 11⅜ 92	100	†101½	102	−0¼	−2	10.98
Chevron U.S.A. 12¼ 89	600	103⅝	104⅛	−0⅛	−1⅜	11.01
Citicorp 11½ 95	150	100⅛	100⅝	−0⅛	−0¾	11.41
Coca Cola 11¾ 91	100	105¾	106¼	−1⅛	−1⅞	10.36
Denmark Kingdom 11¼ 89	100	101¾	102¼	−0½	−0⅛	10.52
Denmark Kingdom 11½ 90	100	103¼	103¾	−0⅛	−0¾	10.48
Denmark Kingdom 11½ 92	100	102	102½	0	−1⅝	10.97
Denmark Kingdom 13¼ 91	100	109⅝	110⅛	−0¾	−1¼	10.58
E.D.F. 10 95	225	94¼	94¾	−1⅜	−1½	10.93
E.E.C. 11⅛ 90	100	102	102½	−0⅛	−1⅛	10.42
E.I.B. 12 95	200	106⅛	106⅝	−0¾	−1	10.87
Export Dev Corp 10 95	100	98⅞	99⅜	−0½	−1⅛	10.22
Export Dev Corp 12 90	100	105¼	105¾	−0⅞	−0¾	10.38
Fed Dep Stores 10⅝ 95	100	95¼	95¾	−0¾	−0¾	10.71
Ford Motor Cred 11⅞ 90	100	102	102½	0	−0⅛	10.67
Ford Motor Cred 11⅝ 95	100	101¼	101¾	−0¾	−1¼	11.38
Ford Motor Cred 11¾ 92	100	102⅛	102⅝	−1	−1⅛	11.15
Ford Motor Cred 12 95	100	104	104½	−0⅛	−1¼	11.22
Gen Elec Credit 10¾ 00	200	99¾	100¼	+0⅛	−0⅝	10.24
GMAC 10¼ 90	200	100	100½	−0¼	−0¾	10.13
IBM Credit 10⅜ 2000	300	100⅝	101⅛	−0⅝	−0⅞	10.24
Kellogg Company 10⅞ 90	100	101½	102	−0½	−1⅜	10.32
Kellogg Company 11¼ 92	100	102¾	103¼	−0¾	−1⅜	10.55
L.T.C.B. 12⅞ 91	100	108⅞	109⅜	−0½	−0⅞	10.75
Macy Cred Corp 11¾ 95	100	102¾	103¼	−1⅛	−1½	11.19
Mellon Bank 13 87	100	105⅜	105⅞	+0⅞	0	9.73
Merrill Lynch 12¼ 89	100	104⅜	104⅞	−0½	−1½	11.26
Minnesota 11½ 87	100	103	103½	0	−0⅝	9.88
Mitsui Trust 11⅝ 90	100	102¼	102¾	−0½	−0⅝	10.90
Morgan Guaranty 12⅝ 89	150	105¼	105¾	0	−1¼	10.83
Penney J.C. 12¾ 91	100	†106	106½	−0¼	−3	11.26
Pru Realty secs 12⅛ 95	546	106½	107	−0⅛	+0⅝	10.91
Qantas Airways 10⅝ 95	140	97¾	98¼	−0⅜	−1⅜	10.79
Quebec Hydro 11½ 92	100	102½	103	−1⅛	−1¼	10.91
Queensland Govt 10¼ 95	100	96	96½	−0⅝	−1⅜	10.88
Ralston Purina 11⅝ 95	150	103¾	104¼	−0⅝	−0⅞	11.03
Ralston Purina 12¾ 89	100	106⅞	107⅜	+0¼	−0¾	10.50
Saskatchewan 10¾ 92	100	100⅜	100⅞	−0¾	−1⅜	10.58
Saskatchewan 11⅞ 88	100	104¾	105¼	+0⅛	−0¾	10.32
Statoil 10 90	170	98¼	98¾	−0⅜	−0⅞	10.40
S Wales Tsy 11¾ 00	150	103½	104	−0½	−1¾	10.65
Swed Exp Cred 10 92	100	96⅝	97⅛	−1	−0¾	10.65
Swed Exp Cred 12¼ 89XW	100	106½	107	−0⅜	−1⅛	10.58
Sweden Kingdom 10⅞ 90	200	100⅞	101⅜	−0½	−1¼	10.53
Sweden Kingdom 11½ 89	200	103¼	103¾	−0⅛	−1⅜	10.41
Sweden Kingdom 11¾ 94	100	104¾	105¼	−0½	−0¾	10.85
Tenneco Corp 10⅝ 95	150	98⅞	99⅜	−0⅝	−2	10.88
Texaco Capital 11⅛ 95	250	99⅞	100⅜	−0¾	−1⅜	11.08
Tokai Asia 11½ 95	190	101⅜	101⅞	−0¾	−1⅜	11.20
Victorian Rep 11⅝ 92	150	103¼	103¾	−0⅝	−1¼	10.83
World Bank 10⅝ 95	300	96⅝	97⅛	−0⅝	−1⅛	10.84
World Bank 12⅞ 94	200	110⅝	111⅛	−0⅝	−0¾	10.91

Average price change On day −0½ on week −1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev Bank 8 94	200	106¼	107	−0⅜	−1	6.98
Austria Republic 7⅜ 94	200	104¼	105	−0½	−1⅜	6.68
Baxter Travenol 7¼ 94	200	103	103¾	+0⅛	−0⅛	6.71
Copenhagen 7⅝ 95	150	101⅜	102⅜	0	−0⅛	7.07
Credit National 8⅛ 94	200	107⅛	107⅞	−0¼	−0⅞	6.97
E.I.B. 7¼ 94	300	102⅝	103⅛	−0⅝	−1⅝	6.81
Escom 8 92	150	94⅛	94⅞	−0¾	−0½	9.13
Ex-Im Bk Korea 7⅜ 90	100	99⅛	99⅝	−0⅛	0	7.77
Ferrovie Dello Stato 8 91	100	105⅝	106⅜	−0¼	−1⅜	6.86
Finland Republic 7 92	200	101	101¾	−0⅜	−0⅝	6.72
Gould Int Fin 7⅜ 01	100	105	105¾	−0¼	−1⅜	6.45
Ireland 8⅛ 92	150	105¾	106½	−0⅛	−0⅜	6.94
Japan Fin Corp 7⅜ 91	100	105	105¾	−0⅛	−0¾	6.48
Mitsubishi Hvy 3¼ 89WW	300	150½	151¼	−0⅜	−4½	−8.20
Mitsubishi Hvy 3½ 89XW	300	92⅞	93⅝	−0¼	−0¼	5.64
Mitsubishi Met 3⅛ 89WW	100	104⅛	105⅝	+0¼	−2¼	1.24
Mitsubishi Met 3⅛ 89XW	100	90⅜	91⅛	−0⅜	−0½	5.61
Quebec Hydro 7⅛ 95	200	103⅛	103⅞	−0⅝	−1	6.62
Renfe 7¾ 95	100	103¾	104¼	−0¼	−0¾	7.16
Renown 3⅛ 90	80	106	107	+0¼	−0⅝	1.71
Soc Cent Nucleaire 7¼ 95	150	101	101¾	−0⅜	−0¾	7.05
Societe Cent Nucleaire 8 91	100	106⅞	107⅝	0	−0¾	6.45
Sth African Tran 7⅞ 92	100	91¾	92½	−0½	+0⅞	9.10
World Bank 7 95	600	†101½	102	−0¼	−0¾	6.75
World Bank 7¾ 89	100	103⅝	104⅛	+0⅛	+0⅛	6.45

Average price change On day −0¼ on week −1

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
African Dev Bk 6¼ 94	100	†102	102¼	−0⅛	+0⅜	5.94
Avon Cap Corp 5⅝ 94	130	†99½	99¾	−0⅛	−0⅛	5.62
Brit land Comp 6¼ 99	75	†100	100¼	−0⅛	+0⅜	6.08
Council of Europe 6 92	120	†103¼	103½	+0⅛	−0⅜	5.42
Creditanstalt 5½ 94	100	†99¼	99½	−0⅛	+0⅝	5.58
Deutsche Bk Fin 5⅜ 95	100	†101	101¼	−0⅜	−0¼	5.22
E.I.B. 5¾ 94	120	†102½	102¾	+0⅜	+0⅛	5.50
Export Dev Corp 5⅜ 00	125	†101	101¼	−0⅛	−1	5.18
Gen Occidentale 4½ 94	80	†104	104¼	−0⅛	+1⅜	3.95
I C Industries 5⅝ 94	125	†102¾	103	+0⅝	+0⅛	5.22
Ind Fund Fin 5¾ 94	40	†101¾	102	−0⅜	−0⅜	5.46
Int-Am Dev Bk 6⅛ 94	120	†104	104¼	+0⅜	+0⅜	5.54
N.Zealand steel 5¾ 96	70	†99	99¼	−0⅜	−0⅜	5.85
Oberos Khwk 5⅝ 95	100	†99¼	99½	−0⅛	+0⅛	5.46
Ralston Purina 5⅜ 94	125	†101	101¼	−0⅛	+0⅝	5.21
Santos Finance Ltd 6 94	130	†100	100½	+0¼	0	5.96
Tokyo Elec Pwr 5½ 93	120	†100¼	100½	−0⅛	−0⅛	5.43
Tokyo Metropolis 5¼ 94	80	†99¼	99½	−0⅛	+0⅛	5.33
World Bk 5¾ 94	150	†101	101¼	−0⅜	−0⅜	5.59

Average price change On day 0 on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Finland Republic 6¾ 00	15	100¼	100¾	−0⅛	−0¼	6.61
Gdyr Tr & Rubber 7⅛ 95	25	99⅝	100⅛	0	−0⅜	7.14
Mort Bk Denmark 7 92	10	100⅛	100⅝	0	−0⅛	6.92
New Brunswick 7⅜ 95	10	101⅝	102⅛	0	−0⅝	5.59
Swed Exp Cred Zero 00	14	72⅛	72⅝	0	−0⅛	2.51

Average price change On day 0 on week −0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Chrysler Fin 13⅝ 92 SA	55	101⅜	102⅜	0	+0⅛	13.19
Rural & Inds. 13¼ 88SA	50	96⅛	97⅛	+0¼	−1¼	14.73
SBSA Finance 13 99 SA	50	95	96	−0⅛	−2	14.08
State Bk NSW 12¾ 90 SA	75	94¾	95¾	−0⅝	−2¼	14.14
Amex 10¾ 90 CS	50	100⅞	101⅜	−0½	−0⅛	10.42
Genstar Fin 11¾ 95 CS	75	98¾	99¼	0	+0⅛	11.91
Hamil-Went'th 10¾ 95CS	25	†95¾	96¼	−0¾	−0¼	11.44
Loblaw Cos 11⅝ 92 CS	50	†100⅜	100⅞	−0⅜	+0¼	11.46
New Brunswick 11⅝ 95CS	75	†101⅝	102⅛	−0⅛	−0¾	11.28
Shell Canada 11¼ 92 CS	75	100⅛	100⅝	−0½	−1⅜	11.15
Winnipeg City 10⅝ 90CS	50	99¼	99¾	+0½	+0⅛	10.74
Chrst Bk 16¼ 90 NS	50	93½	94	−0¼	−0½	18.43
DG Bank 16½ 90 NS	75	100	101	−2⅛	−3	16.32
Westpac Bk 16⅛ 88 NS	50	96	97	+0¼	−3	17.72
Creditanstalt 8⅞ 94ECU	60	99	99¾	0	−0⅝	8.97
Motorola 8⅞ 92 ECU	50	99	99¾	+0¼	−0⅜	9.09
Walt Disney 9⅛ 95 ECU	80	†101⅜	102⅛	0	−0⅝	8.81
Eurofima 7½ 92 FL	50	104⅜	104⅞	+0⅛	−0⅝	6.61
Philips Lamps 7½ 90 FL	100	103⅞	104⅜	−0⅛	−0⅞	6.43
Rank Xerox 8 90 FL	100	104⅜	105⅛	+0⅛	−0⅝	6.79
Van Lanschot 7½ 90FL	50	102⅝	103⅛	+0⅛	−0⅛	6.76
World Bank 7½ 90 FL	150	104⅛	104⅝	0	−0⅝	6.36
IBM France 11⅛ 90 FF	700	98¾	99¼	0	−0½	11.38
Australia Comm 11 92 £	40	100	100½	−0⅜	−0¼	10.91
BP Capital 10¾ 92 £	50	98¾	99¼	−0½	−0⅝	10.96
E.I.B. 11⅛ 92 £	50	100⅛	100⅝	−0¼	−0½	11.02
GMAC-UK Fin 10½ 90 £	30	98	98½	−0½	−0¾	10.96
Imp Chem Inds 11¼ 95 £	75	99½	100	−0⅝	−1¼	11.29
Imp Chem Inds 10¾ 92 £	75	97⅛	97⅝	−0½	−0¾	11.31
Mcdonalds 10⅞ 00 £	40	98⅝	99⅛	−0½	−0⅝	10.97
Mitsubishi Fin HK 11 90 £	50	99⅝	100⅛	−0¼	−1⅜	11.00
Privatbanken 11¾ 92 £	20	100⅜	100⅞	−0⅛	+0⅛	11.70
Rank Xerox 11 92 £	40	99⅛	99⅝	−0⅜	−0¼	11.11
Royal Ind 10¾ 92 £	60	96⅝	97⅛	−0¼	−0½	11.42
Star Drug Cap 10⅝ 90 £	30	98¾	99¼	−0⅝	−0⅞	11.13
Tricentrol XW 11 92 £	35	94¼	94¾	−0⅝	−0⅝	12.21
Trusthouse Forte 11⅛ 90£	50	98¾	99¼	−0½	−0¾	11.37
World Bank 11¼ 95 £	100	101¾	102¼	−0½	−0¾	10.88
E.C.S.C. 10½ 94LF	100	102	103	−0⅜	0	10.05
Nat Lux Alum 10½ 92 LF	600	103¾	104¾	−0¼	+0¼	9.64

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma 5¼ 92	0	†99⅝	100⅛	27/9	9.6	9.61
BankAmerica O/S 5¼ 96	0⅛	99⅞	100⅜	3/9	8⅛	8.11
Bankers Trust 5 2000	0	99⅝	99⅞	11/9	7.69	7.71
Bankers Trust 5¼ 96	0⅛	100⅛	100⅜	13/11	8.31	8.28
B.F.C.E. 5¼ 98	0⅛	100¼	100½	13/9	10.06	10.02
B.N.P. 5¼ 90 (July)	0¼	100	100¼	22/11	8¼	8.24
C.C.F. 5¼ 97	0	99½	99¾	22/9	10⅝	10.66
Chase Man'tn 5 2000	0	99⅜	100⅛	12/11	8⅛	8.14
Chase Man'tn 5¼ 2009	0⅛	99⅛	100⅜	5/9	7.81	7.80
Citicorp O/S 5¼ 96 Sep	0¼	99⅝	99⅞	19/12	11.19	11.22
Credit Lyonnais 5¼ 98	0⅛	100⅝	100⅞	11/10	9.69	9.62
Ireland 5¼ 97	0	100	100¼	28/10	9.69	9.68
Ireland 5¼ 99	0	100⅛	100⅜	14/8	10	9.98
Italy. Republic 5 94	0⅛	100	100½	12/11	8⅛	8.05
Lloyds Bank 5¼ Perp	0¼	99⅞	100⅜	9/12	8	7.99
Midland Bank Perp 5	0¼	99½	100	18/12	8⅛	8.15
Nat West Perp 5	0⅜	101⅛	101⅜	13/11	8⅛	8.01
Nat West Perp A 5¼ S	0¼	99⅝	99⅞	9/1	8¼	8.27
Nat West Perp B 5¼ S	0¼	99¾	100	10/2	8.91	8.92
New Zealand 5 97 £	0	99¾	100	14/11	11.56	11.58
Queensland Coal 5¼ 96	0¼	100¼	100⅝	12/11	9	8.97
Roy Bk Canada 5 2005	0⅛	99⅝	100⅛	5/9	8⅛	8.14
Roy Bk Scot 5¼ 2005 £	0	99⅛	99⅜	1/11	11.69	11.78
Sweden Perp 5¼	0¼	100	100¼	9/1	8.31	8.30
Tokai 5¼ 99	0⅛	100¼	100½	12/12	8⅛	8.09

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5 99	4/84	1053.54	110½	111½	−0¾	6.59
Comcast 7 2000	12/85	23.875	†104	104¾	+0⅝	22.27
Fanuc 3¾ 95	1/84	7032.3	148¼	149½	+7⅝	42.28
Fujitsu 3 99	5/84	1320.9	79	80	+0⅝	28.00
Kumagai Gumi 3¼ 2000	3/85	600	146⅛	148⅛	+0⅜	1.59
Marui 3½ 99	7/84	1192	123	124	+0⅞	5.13
Mitsubishi Elec 2⅞ 00	3/85	422	90½	91½	+0¼	8.38
Murata 3½ 99	2/84	2351.2	97½	98½	+1¼	40.87
Murata 3½ 2000	7/84	2398	87¼	88¼	+1½	44.31
Nippon Elec 2⅝ 2000	1/85	1295	78¾	79¾	+0⅝	20.84
Nippon Oil Co 3 2000	5/85	923	87⅞	88⅛	+0⅜	3.75
Oki Elec Ind 3½ 99	10/84	805	85⅜	86⅜	+0⅝	38.09
Orient Leasing 6¼ 98	6/83	2680	95¼	97¼	+1¼	5.98
Sekisui House 5 99	6/84	912	140⅝	141⅝	−0½	4.49
Sumitomo Bank 2¾ 2000	8/85	2142	96¼	97¼	+0¼	15.18
Sumitomo Corp 2⅞ 98	5/84	593	113⅜	114⅜	−0⅝	0.84
Taiyo Yuden 3⅛ 2000	3/85	1078	†81	82	+0	2.81
Takeda Riken 3⅜ 2000	10/84	7683	†79	81	+2½	58.25
Tokyo Sanyo Elec 3½ 99	12/84	772	96½	97½	−0⅝	12.34
Toshiba Ceramics 3 2000	4/85	1734.2	78¾	79¾	+0⅜	21.74
Nippon Oil Co 2⅛ 92 SF	3/84	1032	†101½	101¾	−2⅞	32.77
Nippon Shinpan Co 2 92 SF	3/84	801	†98	98¼	−0⅛	10.45
Asics 5 92 DM	12/83	520	106⅝	107⅜	−0⅜	20.79
Sun Realty 6¼ 92 DM	2/83	338	286	287¼	+0⅞	−3.65

* No information available-previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. C. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTL. COMPANIES & FINANCE

Western Mining boosts net earnings by 34%

BY MICHAEL THOMPSON-NOEL IN SYDNEY

WESTERN MINING Corporation (WMC), Australia's biggest nickel and gold producer, boosted net profit for the year to June 18 by 34 per cent, to A$40.4m (£20.8m) against A$30.1m in 1983-84, thanks mainly to higher gold production and this year's sharp depreciation of the Australian dollar.

As a result it has raised its annual dividend from 4 cents to 6 cents a share.

Central Norseman Gold Corporation, its 50.5 per cent-owned subsidiary, saw a 30 per cent gain in net profit to A$12.6m and has raised its annual dividend from 20 cents to 35 cents a share.

Sir Arvi Parbo, WMC's chairman, said that if it had not been for the Australian dollar's depreciation "you would be looking at some very sad mining companies."

WMC's average realised gold price for the year fell marginally to A$428 an ounce, but it would have been a big fall if the local dollar had not suffered a severe marking down against its U.S. counterpart.

The group's equity-accounted gold production for the year was 22 per cent higher at 294,000 oz. Because of recent fund-raising, WMC had more than A$100m cash on deposit at the end of its year. "Sixteen per cent on your money is about the best mine there is at the moment," said Sir Arvi. Turnover was 31 per cent higher at A$561m.

The group said that Australia's industrial costs needed to be contained across the board, particularly wage costs. Sir Arvi added that WMC again hoped to raise its gold production in the current year.

At Central Norseman, earnings were aided by increased production at the Norseman mines in Western Australia (101,556 oz against 80,153 oz last year). In addition, its 50 per cent-owned Stawell mine in Victoria produced a maiden 9,638 oz.

Kenneth Marston, Mining Editor, writes: Gold Mines of Kalgoorlie, in which WMC has a 28.9 per cent holding, raised net profits for the year to June 18 to A$6.08m or 54 cents per share, from A$3.86m.

A final dividend of 20 cents (10.3p) is declared. It follows two interims, each of 15 cents, and a special dividend of 25 cents paid in December to mark the company's 50th anniversary. The total of 75 cents compares with 30 cents for 1983-84.

GMK draws virtually all its income from a 47 per cent stake in Kalgoorlie Lake View. Other holders of KLV are Poseidon (47 per cent) and Western Mining (6 per cent).

KLV income is derived from a 52 per cent share in profits of the gold-producing Kalgoorlie Mining Associates, the U.S. Homestake Gold having the remaining 48 per cent.

Kalgoorlie Mining Associates lifted earnings in the year to June 18 thanks to increased gold production of 234,057 oz against 194,302 oz coupled with reduced depreciation and amortisation following an increase of two years to 1995 in the mine's life assessment.

On the other hand, the average gold price received was some A$15 lower at A$425 an oz — it is currently around A$470 — and operating costs increased in line with the higher ore tonnage treated.

Indonesian kretek maker faces shake-up

By Kieran Cooke in Jakarta

GUDANG GARAM, Indonesia's leading kretek or clove cigarette manufacturer, faces a period of considerable management readjustment following the death of Mr Tjoa Ing Hwie, its patriarch and founder.

In a little over 20 years Mr Tjoa had built Gudang Garam into one of Indonesia's biggest companies. It is now the country's second biggest employer after Pertamina, the state oil and gas company, with a workforce of more than 40,000.

Though no profit or turnover figures have ever been disclosed, last year the company was believed to have had sales of well over US$1bn, producing more than 23bn kretek cigarettes—a quarter of total Indonesian production.

But in spite of its size, Gudang Garam has remained a tightly run family business with Mr Tjoa himself continuing up to his death to play a dominant role. A son felt to be the designated successor to Mr Tjoa was killed recently in a plane crash, and company officials have indicated that some top management positions could now be given to executives outside the Tjoa family.

They have also hinted that some form of diversification might take place in company activities — unlike other big Indonesian kretek manufacturers, Gudang Garam has continued to base all its activities on kretek.

Kretek sales within Indonesia continue to climb and are making even greater inroads into the so-called white cigarette market. Last year production went up by 14.7 per cent to just under 70bn units, while white cigarette production continued to decline, and bigger producers, such as British American Tobacco Indonesia, have had to make substantial workforce reductions.

BAT says its sales declined more than 14 per cent in the first six months of this year because of both a new 10 per cent value-added tax and competition from the kretek industry.

In line with government regulations on labour absorption almost half Indonesia's kretek output is made entirely by hand. The kretek cigarette is also catching on overseas: last year exports went up by more than 37 per cent, valued at U.S.$9.62m.

Bond may sell some assets of Castlemaine

MR ALAN BOND, the Perth-based entrepreneur, yesterday raised the possibility that Bond Corporation Holdings, his master company, might sell off some assets of Castlemaine Tooheys, the brewing group it acquired last month in a A$1.1bn (US$821.9m) deal.

Speaking in Hong Kong, he described Castlemaine as holding "a great amount of excess property."

India to nationalise 19 unprofitable textile mills

THE INDIAN Government plans to nationalise 19 unprofitable and inefficient textile mills, in a move aimed at improving efficiency and reducing consumer prices, AP-DJ reports.

This is believed to be the first nationalisation move by Mr Rajiv Gandhi, the Prime Minister, who has called both for stronger private enterprise and better results from the public sector.

The takeover and upgrading of the mills was announced in Bombay by Mr Chandra Shekhar Singh, Minister for Supply and Textiles. He said the Government would nationalise 18 mills in Bombay, the administration of which it took over two years ago, and six more cotton mills in Kanpur, Uttar Pradesh state.

"We are determined that prices of cloth used by the common man must come down," Mr Singh was reported as saying.

Sungei Besi expects loss

THE Malaysian tin-producing Sungei Besi Mines expects to incur another small mining loss in the current year to March as a result of reduced demand for tin and pending full poduction at the company's Balakong Boad Block areas, Our Mining Editor writes.

In 1984-85 there was a mining loss of M$1.62m (£473,000) before crediting dividend and interest income of M$1.57m and a tax provision credit of M$971,000. Dividend payments totalled 4$ cents.

Korean leisure takeover

KOREA EXPLOSIVES group of South Korea has agreed to take over six companies formerly owned by the defunct Myung Sung Group, AP-DJ reports from Seoul.

All six companies have been under court receivership since 1983 when Mr Kim Chul-HO, Myung Sung's chairman, was arrested in connection with a private loan scandal. The group collapsed shortly afterwards.

The Commercial Bank of Korea, the bank in charge of administering the six companies, said terms of the takeover would be finalised after an auditor's assessment. The six are Chung A Leisure Town, Chung A Construction, Chung A Tour Company, Chung A Country Club, Myung Sung Company, and Seoul Transportation.

Korea Explosives, one of the largest companie's in South Korea, has involvements in crude oil refining and chemical products.

The six companies are engaged in developing resort facilities, including condominiums and golf clubs, and running tour businesses.

Commercial Bank of Korea estimates that assets would reach some 186bn won ($2.1bn). These would be all but erased by liabilities, however.

EuroFerries down £6m at mid-year

DESPITE a downturn in interim profits from £11.7m to £5.6m at the pre-tax level the directors of the European Ferries Group are expecting a satisfactory outcome for the full 1985 year.

They explain that ths results for the first six months were very much in line with expectations bearing in mind that it is the second half which inclndes the peak tourist traffic trade.

And this, they say, traditionally governs overall profitability for the year.

Meanwhile, the interim dividend is being held at 1.1p net but the board consider it prudent to await tha full-year figures before recommending the dividend policy for 1985—last year a final of 3.2p was paid.

Turnover for the first six months advanced from £126.8m to £190.8m—apart from its ferries the group has interests in ports and property.

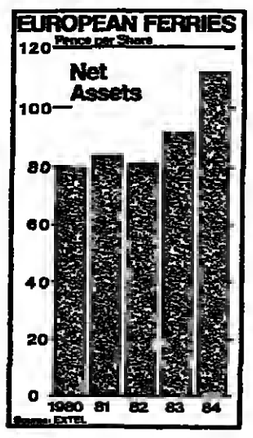
Pre-tax profits included e £4.5m lower contrihution from the associates et £1m. However, the absenco of tax this time (£3.3m) and a slight drop in minorities left available profits at £5.4m, compared with £8m.

Extraordinary items took £1m (added £7.1m). Earnings per 25p share emerged at 1.7p, against a previous 3.8p.

During first six mouths the directors worked on integrating within Townsend Thoresen the P & O services that it acquired for £12.5m during January this year.

They say losses on these services, which prior to acquisition were substantial, were reduced to epproximately £1m in first half and are expected to he eliminated by year-end.

Mr Kenneth Siddle, chairman of European Ferries



Without these losses the interim profits of Townsend Thoresen would have increased hy some £0.5m over 1984.

In their interim report the directors say that freight capacity was restricted on certain routes and while carryings improved slightly, they can only increase significantly when tha current programme to jumbo-ise four ships is completed during 1986.

They add that for the duration of the ship conversion programma the consequent operational difficulties will restrict profit announcement in this area —the shipping division incurred a midway loss of £0.1m (£0.4m profit).

Shareholders are told that better handling facilities resulted in eome improvements in efficiency, bnt that the harbours division will not return significantly higher profits until the current major investment programme is completed—half year profits from the division rose to £4.5m (£3.9m).

Construction of the Trinity container terminal at Felixstowe should be finished during the second half of 1986.

It is pointed out that property profits are never particularly meaningful at the half-year etage, but on improvement in the Spanish operations at La Managa Club is already apparent — the half-year loss was cut from £1.3m to £0.3m.

UK property profits (acme-again £0.8m) did not inclnde a contribution from the group's £60m investment in Stockley. The directors anticipate increasing profitability from Stockley in the future.

In the U.S., Euroferries has been successful in joint venturing its investment in the Meridian international business centre with a major developer with consequent benefits to cash flow—U.S. property profits fell from £4.2m to £2.7m.

For the year as e whole the directors expect profits from the property division to be satisfactory.

The increase in head office interest to £2.4m (£0.1m) reflected heavy capital expenditure on the group's principal ectivities.

The proceeds from May's £71.6m rights issue were not recovered until mid-July.

See Lex

Chloride dissidents attack sale of offshoots

By Charles Batchelor

DISSIDENT shareholders in Chloride, the hard-pressed British battery-maker, are to continue their attack on the company's policies at a special meeting called for next Monday to approve the sale of a large part of its overseas businesses.

The Chloride Shareholders' Action Group is seeking the support of institutional shareholders for an enquiry into the company's plan to sell its battery-making businesses in the U.S., Canada, Mexico, Australia and New Zealand to Dunlop Olympic of Australia for £34.5m cash.

In a letter to the institutions the action group said: "We believe that the sale of these assets may now be inevitable. But it will only be effective in bringing about a restoration of the company's fortunes if accompanied by a thorough enquiry into the causes which resulted in the present predicament."

Dr Maurice Gillibrand

Chloride plunged into the red in 1981, making a loss of £13.5m, and had been recovering steadily until large warranty claims from the U.S. on the company's new Torquestarter battery hit profits was little changed at profits was little changed at £14.2m in the year ended March.

The action group said it wanted assurances that the failure of technology involved could not recur.

It also expressed concern at what it called "the repeated change of management within tha company." It said this "casts grave doubts on the efficacy of the management and the management selection procedures practiced by the company."

The dissidents, headed by Dr Maurice Gillibrand, a former director of research at Chloride, want an independent inquiry into these matters, conducted, if possible, under the chairmanship of a non-executive director.

The action group represents shareholders with a combined 2m shares in Chloride or 1.57 per cent of the equity. In July they succeeded in voting Dr Gillibrand briefly on to the board by a show of hands et the annual meeting. A count of the proxy votes lodged overturned his election almost immediately, however.

Chloride said yesterday: "Our shareholders have the right to express their views. The proper forum for this is next Monday's extraordinary meeting."

Zambia and exchange rates limit British Vita

EXCHANGE RATES and tha decision to exclude results from Its Zamblan offshoots limited tha growth of British Vita in the first half of 1985. And with interest charges being more than doubled taxable earnings were left almost nnchanged at £5.25m against £5.23m.

The result was echieved on turnover np hy 32 per cent to £80.87m (£61.16m). With earnings coming out et 10.2p per share (10.3p), an increased interim of 3.3p (3p) had heen declared. Last year a total of 6.2p was paid on pre-tax profits of £11.85m.

In notes to the accounts of the Manchester-based foam fabrics and fibres company, it says because of the continuing shortage of foreign currency in Zambia It has been impossible to remit any of the subsidiaries' profits. As a result tha board is reviewing the value of the companies which were worth a total of £6.58m in the accounts et the and of last year and the results have not been inclnded in the interim accounts for the group.

The offshoots had pre-tax profits for the six months of £269,000 (£635,000) on turnover of £2.07m (£2.21m).

Mr F. A. Parker, chairman, says that differences in exchange rates since the end of 1984 reduced the European and International profits hy £400,000. He adds that in the UK the rise in interest rates, particularly for mortgages, had the expected effect of hitting demand in the second quarter.

A breakdown of pre-tax profits shows that UK earnings were slightly down from £2.2m to £2.13m. In Europe however tha group saw profits increase hy almost six times, reflecting, the chairman says, tha group's development programmes, particularly the acquisition of Tramico in France last year.

The international results showed a fall from £2.78m to £1.59m.

On the UK Mr Peter Parker edds that progress has been made on the restructured divisions, but the main benefits are yet to accrue.

Group operating profit eame ont at £4.83m (£3.91m) and the pre-tax figures was struck after the share of profit from associated companies of £1.43m (£1.79m) and interest charges up from £465,000 to £1.01m.

The tax charga was £2.15m (£2.08m) and with minority interests taking £30,000 (£51,000) and extraordinary items £319,000 (£204,000 credit) the profit for the year came out at £2.75m, down by 17 per cent from £3.3m. Dividends took £997,000 (£904,000).

Of the present eix months, Mr Parker says that the group is experiencing a hroadly-based increase in demand in the UK while the acquisitions of the foam interests of Solvay Group in July this year has further extended the markets in Europe.

It is particularly pleasing, he says, that Tramico has made e licensing agreement for the manufacture in North America of Tramivex car headliners. The technology has attracted much interest throughout the world and other licence agreements are expected to follow.

Tha prospects are increasingly encouraging, especially now that e higher proportion of profits are being earned in Europe and the UK, Mr Parker concludes.

As a result of the changes, gearing will increase from about 33 per cent at the end of 1984 to 46 per cent, hnt the group says thet it has good cash flows.

Mr Boh McGee, chief executive, says: "You can see, coming through in these figures, the policy of the last two to three years. We are taking Africa, which has served us well, more and more on the back burner and, although they are very successful businesses, we are doing more and more in Europe."

The French acquisition was proving to be everything that was hoped.

He saw a great deal of organic growth in the present business.

Earnings from the U.S. car headliners were expected to begin ebout the middle of next year and could increase with the 1987-88 models.

For the moment the group says it is likely to concentrate on Europe although the U.S. remains an area of interest.

● comment

By writing Zamble out of the picture—profits now and probably the assets et the year-end—British Vita is asking the City to look again et e rapidly growing European-based gronp and stop fretting ovar tha quality of Zamhian earnings or the £2.1m of dividends iocked eway and unohtainabla in Zamhian bankers' vaults. If thet was the only reason for Vita'a low rating then yesterday's manoeuvre should have the desired effect but the group atill has tha problem that it is classified as chemicals and its rating must fall into relationship with ICI. Vita is not strictly chemicals, however, and its recent acquisitions look good enough to point to a better rating than 7¼ times prospective earnings. Tramico was worth perhaps £700,000 in the half-year and there is undouhtedly plenty of room to improva on the newly-ecquired Solvay's margins. And while the interim figures look dull—with restructuring of UK textiles and consumer products damaging domestic profits and e strong pound deflating overseas earnings—especially in Australia the underlying group looks in very good shape. Profits (ex-Zambla) should reach at least £11½m and the price of 168p simply has not yet caugbt the market's eye.

Hawker spends $9m on U.S. blower maker

Hawker Siddeley has acquired Torin Engineered Blowers, a leading U.S. maker of electric fans and blowers for electronic equipment, together with its UK subsidiary, for $9m (£6.82m).

Torin will become a subsidiary of Fasco Industries, Hawker's wholly-owned U.S. offshoot, which makes e diversified range of electro-mechanical products. Fasco, with annual sales of more than $200m, is e major suppller of fractional horsepower electric motors and blower assemblies.

Hawker said that Fasco became interested in acquiring Torin because business machine makers were increasingly seeking to buy complete air handling packages.

Torin had turnover of $20m in 1984, of which $12m was mada in tha U.S. and $8m from its UK subsidiary at Swindon. It supplies blowers for computers and peripheral equipment, process control and defence equipment.

TSI profits advance by 51%

FURTHER PROGRESS and another acquisition was announced at the interim stage hy the USM-quoted film, television and video facilities group, Television Services International.

On turnover more than doubled to £4.68m, against £2.08m, pre-tax profit rose hy 51 per cent to £325,000 (£215,000). With earnings per 50p share eoming out et 2.4p (1.7p), the interim payment was douhled to 1p. Last year a total of 1.5p was paid on taxable earnings of £215,000.

The company has taken an option to buy Digital Pictures, a leading computer animation software company for a maximum £5.3m during tha next three years. The price will be satisfied by TSI buying £500,000 of loan stock, a £30,000 cash payment to shareholders followed by profit-related payments for three years, beginning in June 1987 to a maximum of £4.5m.

Digital was formed in 1982 and in the year to the end of January 1985 incurred e pre-tax loss of £4,800 on turnover of £198,000, which was almost three times higher than the previous year's £69,300.

It is TSI's second acquisition this year following the buying of Molinare Holdings, which provides film and audio production facilities, in February for £2.1m.

Mr Andrew Lee, chairman, says the company is set to play a major role in the development of the group and great progress has been made to realise its potential. In the nine months to the end of January 1985 it incurred pre-tax losses of £1.1m but in the five months since it has been part of tha group where those have been reduced to £40,000.

He adds that the benefit of the time and effort put into Molinare will be seen in the second half when it is expected to make a contribution to profits.

Odyssey Video was reducing its involvement in the UK video cassette market and turning more to the U.S. where, Mr Lee says, the results were extremely exciting.

Both TSI Video and TSI Films continue to make good progress and the investment programme completed last year is bearing fruit. TSI Video is becoming a major force in the fecilities market and TSI Films has completed two more commissions for Channel 4.

With tax taking £134,000 (£80,000) and extraordinary items of £93,000 (nil), attributable profit came out et £98,000 (£135,000). Dividends took £78,000 (£22,000), leaving retained profit at £20,000, against £113,000.

Throughout the group, good progress is being made in all trading divisions and group profits will be considerably enhanced by the anticipated second half profits from Molinare. Mr Lee concludes that e significant increase in profits is expected in the full year.

Sale Tilney sees more growth

INCREASED pre-tax profits, up from £1.04m to £1.37m, are reported by Sale Tilney, the foods, financial services and industrial group, for tha half-year to May 31 1985.

The directors say the group is now well se on a course of continuing future growth and this will ba reflected in profits for the current year.

In the meantime, they propose increasing the interim dividend from an edjusted 1.83p to 2.5p net—last year a total of 4.66p (edjusted) was paid from pre-tax profits of £3.1m (£2.15m). Earnings per 25p share improved from 5.4p to 6p.

Group turnover rose from £31.99m to £33.1m. Tax doubled from £228,000 to £456,000, and there were minority debits of £24,000 against £17,000. There was an extraordinary debit of £777,000 (nil), being the final assessment of additional costs of rationalisation of food manufacturing ectivities, £1.4m, less estimated tax relief of £623,000.

Sale Tilney expanded its overseas operations in May when its American subsidiary, STT Corp, purchased J. J. Pollard & Associates. The consideration totalled $823,456 payable in cash as to $272,711 on completion and e further six instalments of $91,791, payable et six monthly intervals.

● comment

Sale Tilney's pre-tax line looks impressive enough with a 33 per cent rise on an increase if just 3.4 per cent in sales. But the reader has to search lower down tha account to find the real surprise of yesterday's announcement. Having taken an extraordinary charge of £1.9m last year against "anticipeted costs" of closing pasta manufacturing at Glasgow, it now seems that a totally unforeseen £1.4m, before taxation relief, has to be deducted. That extra cost has evidently arisen because labour problems prompted the plant to close much earlier than planned with resulting write-offs on stock and associated costs of supplying customers from other sources. Yesterday'a official statement did not offer even that modest detail and shareholders might understandahly feel not e little surprised that although the decision on early closure was taken on April 12 it was not even mentioned at the annual meeting nearly two weeks later. The reason for that omission is that the directors did not realise the full extent of the costs. Yet that surely raises a question mark over management systems. The shares fell 9p to 248p yesterday where the historic p/e is still high at close to 16. Presumably the market is concentrating on the top line.

Goal Petroleum £166,000 loss in first half

A 32-week shutdown of the Buchan Field in the North Sce was the main reason for e £166,000 pre-tax loss recordded by Goal Petroleum in the six months to June 30, 1985 compared with e restated pre-tax profit of £2.53m in the first half of last year.

Turnover also fell sharply to £1.72m against £4.57m. Goal, an oil and gass company, which had expected a poor result, also blames the rise in the valua of sterling against the dollar and e rail dispute which disrupted crude deliveries at Wytch Farm, Dorset.

Production from the Buchan Field, closed for the installation of gas-lift facilities, restarted in late May, following e short delay in the work, says Mr C. A. E. O'Brian, chairman. Although revenue has accrued to the company's working interest in Buchan since the restart, none was earned under the net production interest until the start of September, when full recovery of the capital and operating costs incurred during the shutdown was achieved.

Cost of sales was £898,000 (£1.64m), giving a gross profit of £821,000 (£2.93m). Administrative expenses of £483,000 (£389,000) left an operating profit of £338,000 (£2.54m). Interest payable of £337,000 (£165,000) and interest receivable of £33,000 (£159,000) left pre-tax losses of £166,000 (£2.53m profit).

Deferred corporation tax took £58,000 (£1.03m) leaving a deficit of £108,000 (£1.5m profit).

Retained profit brought forward was £4.03m (£1.55m), giving e retained profit carried forward of £3.92m (£3.05m). Earnings a share were nil compared with 4.5p.

Mr O'Brien says that, as in previous years, the major factors affecting results in the second-half will he the effect of the weather on loadings of Buchan crude.

"Most important et this stage," he says, is the underlying progress being made in developing the company's new and vary large sources of production and the discovery of further reserves of oil and gas.

Work on Wytch Farm is progressing and the Balmoral development is on schedule for a production start in February 1987.

Development of the K9ab gasfield is well underway and first production is expected by early 1986.

AMS flotation on again

BY LUCY KELLAWAY

Advanced Music Systems, which postponed et the last minute its stock market flotation doe to take place in July, is now expecting to join the market at the end of next week with a market value of about £30m.

The decision not to go ahead with the flotation was due to the poor conditions in the new issue market and in the electronics sector. Barclay's Merchant Bank, advisors to the issue, said yesterday that "sentiment has improved sufficiently to make it worthwhile to go ahead."

AMS will be joining the market via a full offer for sale which is expected to raise about £8m. This time, however, the price is likely to be somewhat lower, and BMB, which had previously anticipated e p/a multiple of about 20, now regard about 16 as more appropriate. At the offer price the market value may he about £10m-£15m lower than earlier estimates.

The company, which is based in Lancashire, makes digital and analog audio processing equipment for the professional audio and broadcasting industries, a market in which it claims to be world leader.

AMS was founded nine years ago, and in each of the last four years both profits and turnover have grown sharply to reach £1.9m and £3.5m respectively in 1984.

Brokers to the issue are Rowe and Pitman and Henry Cooke Lumsden.

R. & H. Hall improves by 11.6%

R. & H. Hall, grain merchant, based in Cork, increased pre-tax profits hy 11.6 per cent to IE1.03m in the six months to June 30, 1985 compared with IE918,000 in the first half of last year on turnover down 26 per cent to £69.32m against £93.96m.

The directors say the company has traded well since June 30 and they expect a similar profit in the second half as in tha first.

The interim dividend is unchanged at 1p. Pre-tax profits included a £523,000 (£288,000) contribution from associates. Tax charges were £460,000 (£484,000), giving net profits of £565,000 (£434,000). Earnings a share were 2.84p (2.62p)

Whitworth slides as Suter builds stake

Despite recovering from a loss at the halfway stage to record a small pre-tax profit for the whole year Whitworth Electric (Holdings) says that margins are still under pressure and has begun a rationalisation programme.

In addition a stake in the Hampshire-based wholesale electrical distributor is being built up by Suter, the electrical products manufacturer. Yesterday it revealed that it had bought a further 2.53 per cent of the ordinary shares and now holds 9.56 per cent.

In the year to the end of March 1985, Whitworth reported taxable earnings of £15,000 (£354,000) on turnover little changed at £16.24m (£16.47m). The dividend is maintained at 1.509p. The loss per 5p share came out at 0.7p (6.5p earnings).

LADBROKE INDEX
1,014-1,018 (−2)
Based on FT Index
Tel: 01-427 4411

ENERGY RESOURCES & SERVICES INCORPORATED
Net Asset Value
31st August 1985
$7.23
per share (unaudited)

STOCKHOLDERS FAR EAST INVESTMENTS INC.
Net Asset Value
31st August 1985
$2.68
per share (unaudited)

UK COMPANY NEWS

Anthony Jackson on Unilever's proposed U.S. takeover bid

The attractions of the skin care market

UNILEVER'S proposed $1.3bn (£1bn) bid for Richardson-Vicks Inc (RVI), the U.S. manufacturer of Vicks cough medicines and Oil of Ulay skin cream, is a strikingly bold move.

It also looks like the start of a long battle.

The difficulties are obvious enough. RVI's management, which claims to control over 30 per cent of the shares, has rejected the bid. It also intends to strengthen its defensive position further through purchases of its own equity.

But the opportunities for Unilever are equally obvious. At a stroke, the group would double its size in personal products and toiletries—a fast-growing area which, despite the host of internationally-known brands in the Unilever portfolio, last year acounted for only 5 per cent of group sales and profits.

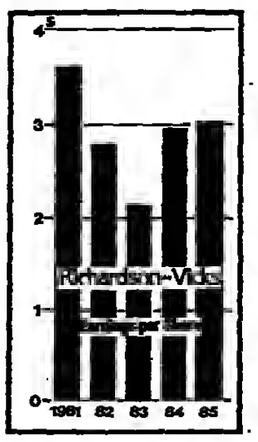
Unilever's worldwide sales of personal products last year totalled $1.04bn, producing pre-interest profits of $53m. RVI's sales of personal products last year are estimated to have been almost exactly the same as Unilever's. Pre-interest profits, however, seem to have been well over twice as high.

This partly reflects the strength of RVI's market share in the all-important U.S. market. In skin care, Oil of Ulay is estimated to be clear brand leader, with a market share of 8-10 per cent. But RVI is also active around the world, with over 50 per cent of its sales outside the U.S.

This is one obvious attraction for Unilever. The geographical fit seems to be a good one, with clear implications for rationalisation around the world.

The real lure, though, comes in product fit. Unilever is in three areas of personal products around the world: hair care, through champoos such as Sunsilk and Timotei; dental care, through toothpastes such as Signal, and Pepsodent, and also through toothbrushes and dental floss; and deodorants, such as Rexona and Impulse.

Sir Kenneth Durham, chairman of Unilever



RVI can broaden Unilever's portfolio in the first two of its categories. In the U.S. it owns the Vidal Sassoon range of hair products, acquired a couple of years ago and apparently the cause of initial problems to the group. It also owns a couple of strong brands in the dental market — Fasteeth and Fixodent — which, as the name implies, are designed to keep false teeth in.

More important, though, RVI would take Unilever into the two areas of personal products which it has identified as clearly desirable — skin care, and OTC (ever-the-counter or non-prescription) medicines.

Unilever sees the skin care market as changing in interesting ways. Whereas the market was once primarily remedial — that is, improving the skin of elder people — it now appears to lean towards the preventative, whereby consumers use products like Oil of Ulay while they are still young.

As for OTC medicines, RVI has the Vick range — including the famous vapour rub — and also Clearasil anti-acne preparations and a range of analgesics. By common consent, the U.S. market for OTC medicines is becoming an increasingly consumer-orientated business. Although RVI is strong in the druggist market, Unilever is particularly qualified in areas of mass-marketing through its detergent and toiletries businesses.

It could be argued that Unilever is weak in the areas of research required for pharmaceutical development. There is, indeed, some suggestion that RVI may not be very strong in that area either, since its $260m disposal of its entire ethical pharmaceutical business to U.S. group Dow Chemical in 1981.

However, Unilever has a very strong research department in the basic sciences, and would no doubt argue that it is equipped to contribute not only in the field of medicines, but also in that of skin care.

Unilever's tactical case seems a strong one. The group reckons to have an aggregate market share around the world of about 10 per cent in the personal products markets in which it operates—around the same figure, it would seem, as RVI would offer in its own complementary fields. This is a large enough figure to satisfy Unilever's criteria, but with luck not large enough to attract the attention of the anti-trust authorities.

But the bid also has a wider strategic dimension. In both personal products and detergents, Unilever has for decades been engaged in a tussle in the world's markets against long-established competitors such as Procter & Gamble and Colgate Palmolive of the U.S.

A critical element in that struggle has been the concept of global cash flow—the use of profits won in home markets to attack markets elsewhere around the world.

Until quite recently, the fight was unequal. From their fortress in America, the U.S. companies enjoyed the high profit margins and cash flow associated with brand leadership in a homogeneous, one-language market of 240m people.

In its own European fortress, Unilever had to cope with a heterogeneous market of different cultures, and the brand fragmentation which results.

Profit margins, in consequence, were often only half those of U.S. competitors on their home ground. In the U.S., meanwhile, it was essential for Unilever to maintain a presence. But the attempt became increasingly half-hearted, and by the late 1970s the U.S. subsidiary Lever Bros was making losses running to tens of millions a year.

However, in the early 1980s, the picture changed. Unilever sent in a main board director, Mr Michael Angus, to tackle Lever Bros' problems and take a more aggressive approach to marketing. Although the financial cost continues to be heavy, the assault appears to be paying off in terms of market share.

At the same time, the competition began to go through problems of its own. In particular Procter & Gamble, once the most feared force in global consumer marketing, appears to have lost its edge. The company has also made several costly mistakes, such as the Rely tampon which had to be taken off the market in 1981 after being associated with toxic shock syndrome.

In its latest full year, Procter & Gamble produced its first drop in operating profits since 1952. Colgate Palmolive suffered a fall in net profits last year of almost two-thirds.

Last month, both companies announced measures to strengthen themselves against possible takeovers. The contrast with Unilever, now launching its biggest ever bid in the U.S., is deeply ironic.

But for Unilever, the strategy is clear. In strengthening the group's position in personal products, in the U.S. in particular, the bid for RVI is a further attempt to take an axe to the competition's global cash flow at its roots.

ACQUISITIONS AND DISPOSALS

UNILEVER ACQUISITIONS

1978 National Starch (speciality chemicals)
1980 Ulmer Spatz (bakery fats)
1981 Biohorn (edible fats) Marga (edible fats)
1982 Indus Lever (spread of Unilever products)
1984 Shedd (edible fats) Karakas (edible fats) 65 per cent Triturat (edible fats) 74 per cent Brooke Bond (food and drinks) Henkel (Brazil) detergents Fulc (detergents) 50 per cent CPC Wet Milling Plant (chemicals) Norda (perfumes)
1985 Acylung (detergents) Simel (chemicals)

DISPOSALS

1982 Synthetic Resins (chemicals) Lintas (advertising)
1983 Carryfast (transport) Eurochem (chemical) Bat Stores (Bat retail operation)
1984 Tibbie & Britten (general freight) J. P. Wood (poultry) UCSL Data Services (computing)
1985 Baxters Butchers (part of Brooke Bond) Nairn Intl (floor coverings) SPD (transport) Norfolk Line (transport) Macfisheries (wholesale fish) Kennedys (builders merchants) Mallison Denny (timber)

RICHARDSON ACQUISITIONS

1978 Formby's (DIY woodcare products) Etablissements F Vibert (hair care)
1980 Plus Products (health foods and nutrition) Tri-Flow (all purpose lubricant)
1981 Dencien (denture cleaner) Centrifichem (blood analyser equipment) E. A. Thompson (waterproof coatings)
1982 Percogesic (analgesic product) Mill Creek (hair care products)
1983 Pantene (hair care products) Vidal Sassoon (hair care products)

DISPOSALS

1979 Jensen-Salsbery (veterinary) Tulox-Lumelite-Bradley (plastic packaging)
1984 Bag-a-Bug (insecticide preparations) Pesu-Beau (insecticide preparations)
1985 Plus Products

Low & Bonar rises £1.9m and plans to pursue growth areas

Low & Bonar continued to make "excellent" progress in the six months ended May 31 and is vigorously pursuing growth areas, either through expanding existing businesses or through acquisitions.

The directors anticipate a more even split of pre-tax profits between the first and second halves than in previous years, and barring further adverse currency variations they expect to report a satisfactory outcome for the year as a whole.

For the opening six months, group turnover advanced from £90.5m to £93.87m and at the pre-tax level profits surged by £1.87m to £5.06m—the group's interests are in packaging and plastics, high performance textiles and electronics electricals.

In order to reduce disparity the interim dividend is being lifted from an adjusted 2.2p to 3p net. The directors expect to recommend a final of not less than 6p (5.8p adjusted).

They say implementation of their new corporate strategy is proceeding according to plan and point out that increased capital investments have been announced to expand the profitable flexible packaging businesses both in the UK and north America.

Earlier this year the group strengthened its position in high performance textiles with the acquisition of 51 per cent of Carolina Formed Fabrics in the U.S., a company which has the latest technology in speciality non-wovens for the disposable industry.

Low & Bonar has recently acquired 24.76 per cent of the Cole Group to strengthen its investment in relevant modern plastics and electronic technologies.

Sales of major activities no longer central to corporate strategy include Bonar Long in the UK (for £2.23m) and Bonar Stanger in Australia (for £2m) together with the sale of surplus land at Langley for £4.75m and the proposed sale of Bonar Langley Alloys for a sum in excess of £2m.

Pre-tax profits for the first six months took in a same-again £377,000 from the associates and was after interest charges of £930,000 (£1.12m).

Tax accounted for £2.37m (£1.73m) to leave the net balance at £3.68m, compared with a previous £2.46m. Profit attributable to shareholders emerged at £3.51m (£3.48m) and was after deducting minorities of £500,000 (£100,000) and adding in extraordinary gains of £421,000 (£1.12m).

Earnings per 50p share came through at 14.7p, against an adjusted 11.19p.

A geographical split of turnover and profits shows: UK/Europe £44.5m (£43.32m), and £2.13m (£1.83m), North America £39.92m (£35.23m) and £3.02m (£2.04m), Africa £11.95m (£13.56m) and £1.37m (£794,000) and other territories £3.08m (£3.9m) and £141,000 loss (£28,000 loss). Related companies turnover totalled £5.53m (£5.52m).

Profits from North America accounted for 47.4 per cent (44.1 per cent) of the group total while those for UK/Europe slipped to 33.3 per cent (39.3 per cent).

In the UK and European markets sales turnover for packaging and plastics increased by 16 per cent and all UK packaging companies reported increased profits. Bonar in Canada also achieved a significant increase in sales, and profits increased by over £1m in sterling terms despite an effective devaluation of 15 per cent in the Canadian dollar. As in the UK, useful gains were reported across a wide range of products and operations.

Mr Roland Jarvis, chairman of Low and Bonar

In the UK textiles profits of £833,000 were down on the corresponding period last year despite an increase in sales. This was primarily due to the continuing marketing investment by Bonar & Flotex in the U.S. the benefits of which are expected in the second half of the year. Bonar Textiles had a favourable first half with increases in sales and profits and with continuing interest in its new polypropylene products for artificial playing surfaces.

In North America, as anticipated, small initial losses arose following the purchase of Carolina Formed Fabrics—the benefits from this acquisition will begin to accrue in 1986.

In electronics and electricals the figures are not comparable with those of the previous year, mainly due to the sale of Bonar Long. The major businesses now comprising this division reported significant progress in terms of both sales and profits. Demand for switch mode power supply units from Bonar Brentford continues at a high level and the order book is steadily increasing for the control equipment subsidiary, Bonar Bray.

Group interests in Africa continue to earn reasonable levels of profits in local currency, but the directors say the value of earnings and assets in these countries continues to be devalued.

Group pre-tax profits for the 1983-84 year amounted to £11.37m. Turnover totalled £197.67m.

● comment

Nobody could say that the transformation of Low and Bonar from a risky low-quality textile business ever-exposed to Africa to a thriving industrial company diversified by product and geographical spread has gone unnoticed by the market. The shares have risen by about 150 per cent since last year, putting on an extra spurt in anticipation of this excellent set of figures. Yesterday's 12p fall in the share price to 308p perhaps reflected the company's warning that the second half(in which 70 per cent of profits are usually made) would be little stronger than the first. However, any such disappointment seems short-sighted—reorganisation has made the company profits less seasonally biased as well as laying the foundations for future growth. Following disposals and land sales since the year end gearing is almost zero, and cash flow strong enough to finance an investment programme of about £12m a year to expand existing businesses mainly in the UK and in the U.S. Profits for the full year of about £14m look within reach, and allowing for a higher 39 per cent tax charge would imply a p/e ratio of just under eight, which does not preclude a further advance.

Distillers 'deal' denied

TWO SCOTTISH banks reported to have formed a £750m consortium to back a £1.5bn bid by the Argyll Group for the Distillers Company are denying it.

Mr Robert Leurenson, deputy general manager of the Clydesdale Bank, said yesterday: "We are not at the present time involved in or committed to any such consortium." The Royal Bank of Scotland made a similar denial.

However, there seems little doubt that talks have taken place between the two banks and Mr James Gulliver, chairman of Argyll.

In spite of the continuing rise in Distillers' share price, which climbed another 16p yesterday to close at 408p, it seems equally certain that a bid from Argyll is not imminent unless a third party arrives on the scene.

Last week Mr Guliver said no bid would be made for Distillers "at the present time."

Organic growth in UK boosts Memec

ORGANIC GROWTH in the UK, augmented by a significant contribution from its recent acquisitions in West Germany, has resulted in substantial increases in both turnover and profits at Memec (Memory and Electronic Components).

In the half-year to June 30, 1985, sales increased by 90 per cent from £13.77m to £26.23m, and pre-tax profits showed an increase of 69 per cent from £1.96m to £3.31m. Operating subsidiaries acquired after June 30, 1984 have contributed sales of £7.7m and profits before tax of £700,000 to this result.

So far, 1985 has been a period of readjustment for the electronics industry and for distributors of electronic components and OEM systems products in particular.

The directors say the worldwide supply of semiconductor products continue to exceed current demand and, as a result, sales and margins have declined as manufacturers and distributors compete to maintain market share.

They do not expect trading conditions in new electronics system and component markets to alter significantly in the foreseeable future while the industry consolidates after the exceptional growth of 1984. With many manufacturers and distributors holding excess inventories of semiconductors, prices and margins will remain under pressure.

However, continued growth should be achieved in many sectors including communication equipment, computer networking, application specific integrated circuits and power control systems.

During the half, Memec established a new subsidiary, Insight Electronics Inc., in San Diego, California. Insight is following a similar trading strategy to that of the group's companies in the UK and West Germany.

Start-up costs of approximately £100,000 have been absorbed in this period. The board believes there are excellent prospects for profitable growth in many areas of the very large U.S. market.

The performance of the group's West German subsidiaries in this period has been pleasing, they say, and these companies are expected to contribute a significant share to group profits in the future.

Tax for the opening half was up from £982,000 to £1.51m, and there were minority debits of £89,000 (£7,000), leaving attributable profits up from £1.02m to £1.71m.

The interim dividend is increased by 21 per cent from 0.725p to 0.875p net. Dividends absorb £237,000 compared with £155,000. Stated earnings per 10p share were 7.17p against 4.82p, an improvement of 49 per cent.

For the whole of 1984, Memec had pre-tax profits of £4.51m from turnover of £34.43m. Total dividends of 2.4p were paid and earnings per share for the year were 10.93p.

● comment

Memec is still bucking the electronic sector's negative trend. Even with acquisitions stripped out, organic growth has been good and pre-tax margins were held over the 14 per cent mark. April's £10.5m rights issue has funded one major purchase, financed the U.S. expansion and cleared the debt decks. The residual money should leave the group with a net cash balance at the year end. While Memec cannot totally escape the downside of the semiconductor cycle its exposure to the commodity and of the chip market is limited. Likewise in peripherals the emphasis is on the upper part of the disc and printer markets rather than the more vulnerable High Street end. Flexible management appears to have kept the group ahead of the game although it may prove more difficult to apply lessons learnt in Europe to the new U.S. venture, Insight Electronics. Now that operations are spread between three countries—UK, West Germany and the U.S.—tax rates will be hard to hold much below 45 per cent but this should still have the shares at 360p, up 12p, trading on a prospective multiple of just over 21 given forecasts of £8m pre-tax for the year.

COMPANY NEWS IN BRIEF

PAVILION LEISURE reports trading profits of £3,458 for the six months to April 30 1985, compared with losses of £18,185 in the corresponding period last year. Taking into account the quiet summer months, together with heavy interest charges and ever-increasing overheads, the board cannot foresee year ending other than in another loss situation. Turnover for the opening half was up from £77,236 to £144,025.

SARASOTA TECHNOLOGY has acquired the Southampton-based engineering and electronic systems division of the Inspectorate EaE Group.

ELYS (WIMBLEDON), draper, turned in virtually unchanged taxable profits for the 26 weeks ended August 3 1985, of £82,151 (£82,489). Turnover was £3.45m (£3.47m) and after tax of £36,968 (£41,244) earnings are shown as 3.77p (3.44p) per share. The interim dividend is unchanged at 1p.

SQUIRREL HORN, confectionery manufacturer, has again passed the interim dividend following losses in the six months to the end of June 1985, which were little changed at £59,573 (£60,870). Losses per 12½p share were unchanged at 0.12p. The results were achieved on turnover down slightly from £3.34m to £3.3m.

C4 CARBIDES, a Cambridge-based maker of tungsten carbide coated abrasive tools, is seeking to raise £165,000 through an issue of 220,000 10p shares at 75p per share. The shares are being offered by London and Sussex Securities under the Business Expansion Scheme. C4 Carbides, founded four years ago, suffered a £13,000 loss in the year to November 30, 1984. In the first seven months of the current year, however, it made a profit of £29,900.

KLEINWORT BENSON Eurobond Fund final dividend is down from 56.71p to 56.54p for the year ended September 4 1985, but the total is up at 120.72p (117.35p). Net asset value was £16.76 (£16.12) and net revenue came through at £1.78m against £1.56m.

EXCALIBUR JEWELLERY has reported losses of £236,103 in the year to end April 1985, compared with £181,072 previously. At the interim stage losses of £25,530 (£84,418) were reported. The single final dividend is held at 0.05p. After a tax credit of £22,167 (£19,230) losses per 5p share emerged at 1.75p (1.4p).

OCEANO CONSOLIDATED COMPANY reports a fall in taxable profits from £1.31m to £800,943. Tax was £232,947 (£390,775). The single final dividend is being lifted from an adjusted 0.87p to 1p. Oceano is principally an investment trust.

STROUD RILEY order book "has never been better," Mr Roy Stroud, chairman, told members at the annual meeting. The company was running at full capacity and directors were optimistic for the half year results.

EXECUTIVE CLOTHES says that with a full order book and borrowings vastly reduced it is almost certain to return to the dividend list for the first time since the 1980 year. For the first six months of 1985 pre-tax profits rose from £89,800 to £139,700 on turnover up at £2.17m (£2.12m). Earnings per 20p share were 6.56p (4.22p).

PALMERSTON Investment Trust, property investor and dealer, raised attributable profits to £160,601 (£121,741) in the year to March 31, 1985, after extraordinary credits of £150,494 (£107,983). Rents and charges receivable were £597,890 (£524,833). Pre-tax profits were £9,144 (£56,165) and there was a tax credit of £963 (£42,007 charge). Earnings a share were 1.2p (1.7p). The final dividend is 3p (2.5p), making 4p (3.5p) for the year.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
British Vita ....int.	3.3	Nov 11	3	—	6.2
Capital Television	1.75‡	—	1.45*	2.39*	1.93
EuroFerries ....int.	1.1	—	1.1	—	4.3
Low & Bonar ....int.	3	Nov 18	2.2*	—	8*
Memec ....int.	0.88	Nov 22	0.73	—	2.4
Our Price	3.5	—	—	5	—
H. & J. Quick ....int.	0.6	—	0.6	—	2.6
Sale Tilney ....int.	2.5	Nov 29	1.83*	—	4.66*
Sintrom ....int.	0.75	—	—	—	—
Television Services‡ int.	1†	Oct 4	0.5	—	1.5
Whitworth Electric	1.51	—	1.51	1.51	1.51

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

UK COMPANY NEWS

Persimmon 20% ahead at six months

IN ITS first results since the offer for sales last April, **Persimmon**, the York based housebuilder, has seen pre-tax profits ahead by 20 per cent in the first half of 1985.

The result for the period to June 30 was £1.05m, up from £878,000, on turnover ahead by nearly £2m at £12.43m. As was the case last year, most of the profit will be made in the second half, and Mr Duncan Davidson, the chairman, expects a good result for the full year.

The dividend is 1.75p (nil)—a total of 4.75p was indicated in the flotation prospectus. Earnings are stated at 6.4p per share (6.9p).

Since the flotation the company has increased its land bank substantially, and the chairman says thet forward sales of houses are at a record level on a wide range of sites from Newcastle to Exeter.

Tax et the half way stage came to £436,000 against £319,000, leaving net profits at £618,000 (£559,000). The interim dividend will account for £220,000 (nil), with retained profits at £398,000 (£559,000).

Capital TV and Crown Intl. merger details

DETAILS HAVE been announced of the proposed merger between Crown International Productions and Capital Television Facilities, two USM quoted film and video companies.

Crown will offer one of its own shares, suspended at 100p, plus 16p cash for every two Capital shares. This values Capital shares et 58p each, against a suspension price of 50p. There will be a cash alternative.

The details accompanied the Capital figures for the full 1984-85 year. These show pre-tax profits of £475,000 (£376,000) on sales of £1.58m (£1.23m).

The directors say that depreciation policy has been altered to reflect a more realistic usage of equipment allied to a policy decision not to lease new equipment. This has resulted in a charge of £271,000 for the year, against £208,000.

The final dividend of 1.75p against 1.45p, adjusted for the two-for-23 scrip issue. That brings the total for the year to an adjusted 2.39p (1.93p). After tax at £130,000 (£83,000), earnings per share are stated at 3.45p (2.53p). There was an extraordinary credit of £57,000 last time.

The directors add that trading in the present year continues to maintain a healthy level of turnover and profit.

Centreway returns to the black

Centreway Industries, an investment holding company, returned to the black in the first half of 1985.

At £300,000 pre-tax, the first half profit companies with the £79,000 earned in the corresponding period and follows on from the £21,000 loss incurred in the second half of 1984.

There were improvements at S. J. and E. Fellows, Hermetic Rubber, and Westerly Yachts, but higher losses were suffered by Digico Computers and a turnround into loss by the Vehicle Group while Edge Shoes returned lower profits. Overall, group turnover was up from £14.35m to £14.96m and the taxable result was struck after higher net interest of £328,000 (£259,000).

In line with the chairman's statement in the last annual report, no preference or ordinary dividends will be declared at this time. However, given a continuation of the current recovery the directors are hopeful that preference payments will recommence in a year's time.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Addison Page, Automotive Products, G.A.T. Industries, William Bedford, Berkeley and Hay Hill Investments, Blackpool Hodge, Booker McConnell, Breakmate, Croda International, Cussins Property, Exponent International, Hestair, Home Charm, Savoy Hotel, Suter, Trade Indemnity, Willis Faber.

Finals:—Datron International, Dunton, Fletcher Challenge, John Kent, London Merchant Securities, Mayhew Foods, Media Technology International, Tottenham Hotspur.

FUTURE DATES

Interims:—	
Alexandra Workwear	Oct 15
Boddingtons Breweries	Sept 20
Bodycote International	Sept 19
Empire Stores (Bradford)	Oct 3
Eucelyptus Pulp Mills	Sept 27
Grofund International	Oct 3
Grovebell	Sept 12
HB Electronic Components	Sept 23
Hardene	†Sept 17
JSD Computer	Sept 17
Jones and Shipman	Sept 19
Mackay (Hugh)	Sept 18
Owen Owen	Sept 18
Powerline International	Sept 12
Renown Inc.	Sept 20
Wolstenholme Rink	Sept 18
Wordplex Information Systems	Sept 27
Finals:—	
Coin Industries	Sept 16
Galgary	Sept 16
Intec	†Sept 19
Mucklow (A. and J.)	Sept 17
Westpool Investment Trust	Sept 19

†Amended

Our Price surges 50% to £1.8m

A GENERAL boom in the sales of recorded music helped Our Price, a fast-expanding record retailer, to achieve pre-tax profits of £1.81m in the year to May 29 1985—up 50 per cent on the previous year's £1.2m.

It increased its market share from 5.8 per cent to 7 per cent in the 12 months to March 1985 on sales up 37.5 per cent. In the same period, according to recent figures from the British Phonographic Society, the market grew by 13.5 per cent compared with a year earlier.

In the year to May 29, turnover (excluding VAT) was up 39 per ceot to £36.25m (£26.08m).

The growth is reflected in e final dividend of 3.5p, making a total of 5p for the year against nothing a year earlier.

Mr Garry Nesbitt, chairman, says that during the year Our Price opened 21 new shops, refurbished five others and closed three, having moved the business to improved locations.

The total retailing area of its 100 shops is now 111,000 sq ft, e 35 per cent increase over the year. In the current year it expects to open a further 25 to 30 shops. Some relocations into larger shops are also planned.

Mr Nesbitt says: "In the current climate of competition for prime sites in the high street, I feel it is important that we continue to expand our chain of shops as quickly as we are able."

The expansion and the encouraging trading results so far suggest that the current year

will provide a satisfactory result, he says.

Trading in all products was buoyant throughout the year, he says, with e continuing growth in sales of classical music and strong growth in compact disc sales.

Operating profit was up to £1.86m (£1.31m). Interest charges of £45,000 (£104,000) and tax of £798,000 (£275,000) left profits of £1.02m (£930,000).

There were no extraordinary debits compared with £704,000 a year earlier. Earnings e share were 14.7p (15p). At actual tax rate for 1985 of 44 per cent earnings were 14.7p per 20p share (10.6p).

Our Price is expanding outside its traditional area of London and the South, says Mr Nesbitt, and has opened its first operating region outside the area, in Nottingham, which will manage all shops in the Midlands and farther north. Shops have already been opened in Redditch, Burton-on-Trent and Nottingham and fitting will shortly be completed at shops in Lincoln and Telford.

Additional sites have been identified and negotiations are underway, he says.

The underlying turnover increase on a like-for-like basis over the past financial year was about 16 per cent.

The big increase in the tax charge reflects the fact thet Our Price has used up its tax losses on the acquisition of Harlequin Record Shops. The percentage this year is likely to be about 44 per cent.

● comment

The revival of demand for recorded music in all its forms over the last couple of years is amply demonstrated by Our Price's strong performance. On the last day of the financial year the company opened its 100th shop and is planning enother 25 to 30 outlets this year. So Messrs Garry Nesbitt and Michael Isaacs can be pleased that their simple retailing formula works so well. With almost everything on the shelves on a sals or return basis and with no costly commitments to inhouse goods the only clouds on the horizon are the financing costs of rapid expansion and the threat of competition from other would-be chain operators. Gearing is up to 40 per cent of shareholders' funds and could rise to 50 per cent by the end of this year; interest charges ere certainly due to rise from the current low levels. Competition is most likely to come from W. H. Smith's plans for a music chain rather than Virgin and HMV—Our Price is sticking to its modest sized shops rather than do battle in City centres with the music hypermarket. This year analysts are looking for £2.6m pre-tax which on a 40 per cent charge has the shares at 615p fairly fully rated on a prospective p/e of 26.

Profits of Quick fall by 38%

PRE-TAX profits of H. & J. Quick Group, a Ford main dealer, based in Manchester, fell 37.9 per cent to £249,000 in the six months to June 30 1985, compared with £401,000 in the first half of last year.

The fall reflects the 9 per cent drop in Ford's share of the UK car market although the directors say the company restricted the fall in sales volume to 2 per cent.

It also reflects intensified competition in the new car market. This had an inevitable effect on the company's dealerships.

Turnover increased 5 per cent to £51.04m (£48.57m). Profit after tax was £232,000 (£384,000).

Earnings per share were down to 3.91p (6.76p). The interim dividend is maintained et 0.6p.

The directors say there was a significant improvement in the performance of its flagship dealership at Old Trafford, Manchester, and in the truck division, where e £1.1m order from a major freight corporation has just been clinched.

August was an extremely busy month for new car sales with the dealerships achieving record sales figures.

Its big investment at Bury, Greater Manchester, in new sales and service facilities will be completed by the year end.

Higher interest rates cost the company £165,000 more than in the first half of last year, say the directors, in spite of e 10 per cent improvement in the utilisation of working capital.

Sheafbank achieves objectives

The Sheafbank Property Trust has been successful in achieving the objectives set out in the last annual report of rationalising its activities and strengthening the management and financial position.

The directors point out that the ecquisition of Grange Industrial Estate has further enabled the group to strengthen its foundations for future growth, diversify the geographic distribution of its investments and establish a basis for restoring ordinary dividends to shareholders.

They reiterate their intention to reinstate payment of an ordinary dividend for the year ending March 31 1986.

For the past year gross rental income pushed ahead from £262,000 to £501,000. At the pre-tax level profits were little changed at £25,000, compared with £28,000.

There was a tax credit of £103,000 (£4,000 charge). Minorities accounted for £800 (same) and extraordinary debits for £51,000 (£99,000 credit). Earnings per 10p ordinary emerged at 1.09p (0.18p).

In February 1984, group shareholders' funds were approximately £0.8m, but with acquisitions of Gradeland and the Grange Industrial Estate and their attendant share issues, shareholders' funds as at March 31 1985 had risen to approximately £4.2m.

During this period net gearing was significantly reduced from some 130 per cent to approximately 20 per cent of shareholders' funds.

All the group's funding is now on medium to long term bases as against predominantly short term previously.

Sheafbank, a property investor and developer, and formerly known as Wilson Peck now has substantial unused medium term bank facilities to finance further expansion, the directors state.

Interim figures show Sintrom ahead at £0.7m

In its first set of figures since its flotation on the London Stock Exchange, Sintrom, manufacturer and distributor of computer peripheral equipment, reports pre-tax profits up from £623,000 to £717,000. An initial interim dividend of 0.75p net is to be paid.

Mr Thomas Dalzell, the chairman and chief executive, has agreed to waive the whole of any dividend to which he would become entitled in 1985.

The board says the first half results show substantial growth and the company is confident of further progress. As noted in the prospectus, the majority of turnover and pre-tax profits in 1984 arose in the first six months.

The company's order position and market information indicate that 1985 should return to e more usual pattern of trading. Both the group's major subsidiaries, Perex and Sintrom Electronics, have echieved record results in the first half, say the directors. Other subsidiaries continue to grow satisfactorily. The broad range of products provided by the the group continue to produce increasing profits.

Group sales in the opening half to June 30 rose from £5.4m to £7.96m. There was an increase from £286,000 to £301,000 in the tax charge.

COMMERCIAL CRIME

The tough battle against crooks with a telex machine

By Charles Batchelor

BANKING should be booming in the western Pacific. From Saipan to Nauru, from the Marshall Islands to the Cooks, islands throughout the region have been attracting the attentions of would-be bankers.

The remoteness of these exotic locations from the major financial centres is no deterrent. In fact, distance from the established world of banking and from the tiresome regulations which govern its participants is one of the attractions. For the last thing that many of the banking applicants want is too close an eye to be kept on their operations.

With the American authorities turning the heat on the traditional Caribbean centres of offshore banking the criminals have sought out less accessible destinations through which to channel payments, launder the proceeds of drugs or prostitution, or take the final pay-off in elaborate international frauds.

The desire of some of the Pacific islands to develop new sources of revenue to boost their economies make them a ready prey for the fraudster.

A bank set up on one of the Pacific islands handled payments of no less than $160m in its first six months of business. Investigators believe these were the proceeds of Chinese criminals active in South East Asia.

"All you need is e crook with a telex machine," says Dr Barry Rider, head of the Commonwealth Commercial Crime Unit,

COMMONWEALTH SECRETARIAT

a small team of investigators set np in November 1981 to meet the growing threat of international commercial crime.

Rider, a deceptively relaxed 33-year-old, combines his crime unit work with an academic career at Jesus College, Cambridge. A lawyer by training, he spent five years in the criminal investigation field in the Far East before being asked to set up the unit.

"Some countries in the Pacific are trying to develop too quickly as financial centres," he says. "The difficulty is that the only time you can regulate these banks is when they apply for a licence. Once they have got a licence banking secrecy come into play and there is no way of checking what they are doing.

"The problem is that there are no viable sources of information to positively vet people applying for bank licences. Even if you were one of the UK clearing banks dealing with one of these "banks" in the Pacific or the Caribbean it would take two to three weeks to check the credentials of the people you were dealing with."

Rider and his small team have been attempting to fill that information gap working from cramped offices in the Marlborough House headquarters of tha Commonwealth Secretariat off London's Pall Mall.

"If someone applies for a banking licence in, say, the Cook Islands and we know he is linked to drug operations then he won't get his licence," says Rider.

Working on a shoe-string budget the crime unit has built up an impressive information base on known fraudsters around the world.

The crime unit was set np to foster co-operation between national law enforcement agencies within the Commonwealth in their fight against commercial crime. However, many Third World countries simply did not have the skills to handle this type of crime and from the start the unit was deluged with requests for intervention in specific frauds or attempted frauds.

In its brief existence it has handled no fewer than 860 requests for help from Commonwealth countries ranging from Antigua to Zimbabwe, Australia to Singapore. It has also dealt with requests from tha U.S., the Soviet Union, Indonesia and Switzerland in cases where Commonwealth countries were also involved.

How does the unit work? A typical request might come in the form of a telex seeking information on someone who has applied for a banking licence or who is offering a loan to a government—in return for the payment of an arrangement fee in advance.

The unit's own rapidly expanding files or contacts with law enforcement agencies around the world can usually provide a profile of the individual involved or the bank he is using and establish any crime connections.

A commissioner in one Commonwealth country kept e suspect financier waiting in his outer office while he sent off an urgent request for information from the crime unit. The suspect, who was seeking a letter of introduction to the finance ministry, turned out to have a criminal record and was detained on the spot.

The unit's work reflects the growing belief among crime prevention agencies that tracing the flows of money is the most effective way to crack crime. Don't go for the drug peddler on the street — which is small fry anyway — go for the men making the hig money transfers as the organisers of the rackets move their earnings to safer destinations, this argument goes.

This was an important theme to emerge from e four-day conference held in Cambridge last week to look at the misuse and abuse of banks and other financial organisations.

The gathering, attended by 300 ministers, senior law officers and policemen from both Commonwealth and non-Commoowealth countries, called for governments to consider legislation to ease access to financial and other records.

It urged an attack on organised crime through its financial assets and called for money laundering — not itself an offence — to be declared unlawful in certain circumstances.

The ingenuity of the criminal means that frequently tha profits of crime will move halfway round the globe before reaching their final destination.

In one case, documents found on a courier picked up in Hong Kong related to financial dealings involving banks in four European countries. Among the documents were letters of deposit drawn on a bank still trading in a U.S. trust territory in the Pacific despite the fact that its banking licence had been suspended. The hank owners were traced via Miami and New York to a Mafia boss who was laundering the proceeds of drug trafficking through a lengthy chain of transactions.

The crime unit is currently concentrating its efforts on the problem of "shell" banks—banks set up in offshore centres to "front" a criminal organisation.

"We are targetting known professionals who are involved in setting up crooked banks," says Rider. "These are lawyers, bankers and accountants who act as mercenaries for the Mafia and other organised crime groups in violation of the ethical stan-

INTERPOL

dards of their profession."

The unit is co-operating in this venture with Interpol, the Paris-based organisation set up to co-ordinate the work of police forces to combat cross-border crime.

When Commonwealth law ministers took the decision in 1977 to set up their own commercial crime unit they saw it as complementing Interpol, which they felt was not wholly adequate to combat this form of crime.

The law ministers took the view that while Interpol was the most effective means of communication over specific ordinary criminal law offences it lacked the resources or the powers to do much about economic crime.

The crime unit too has had to survive on very tight finances, though Rider feels hs increased recognition has led to slightly more generous funding. Rider is now backed by two full-time investigators with legal and accountancy training and three assistants with legal and police backgrounds on secondment from Fiji, Zambia and Singapore.

Being part of the Commonwealth Secretariat has its advantages, he argues. "We could not operale as part of a hlgh profile organisation such as the United Nations or lhe Foreign Office. We need speed and an informality. Unfortunately this also means we have low profile funding."

Compared with the billion dollar profits of organised crime, the funds that are available to the Commonwealth Crime Unit are minimal. "We are still just playing et it," says Rider, with a wry smile.

TECHNOLOGY

EDITED BY ALAN CANE

Clay coating tailored to suit

Paper companies can now order exactly the size of china clay particle they need for particular coatings, reports Peter Marsh

GLOSSY MAGAZINES with smudge-free print, lighter mail-order catalogues and cars with plastic compooeots may result from materials research at English China Clays (ECC), the world'a biggest producer of china clay or kaolin.

Such developmeots could follow from advances in processiog techniques with which the company can specify, with considerable accuracy, the sizes and shapes of the microscopic clay particles that emerge from its refining plants.

This gives the company, based in St Austell, Cornwall, the opportuoity to tailor to the oeeds of its customers the dimensions of a mixture of particles for a particular application, to provide, for iostance, a coating layer on paper or a strengthening compound for e plastic.

In this way, customers can choose a type of clay particle for a paper coating to ensure that the weight for a particular quality is kept to a minimum. As a result, the paper company mey be able to keep products such as catalogues low in weight and so they cost less to send through the post.

In other examples, a paper company can dovetail the size of kaolin particles with the requirements of o specific printing technology. Or, a customer involved in plastics epplications may be able to select a type of filler for a polymer material that lends to the finished plastic a particular quality of streogth or durability.

The requirement of the paper industry are particularly important for ECC, which sells 80 per cent of its kaolin to big paper companies such as Kaukas of Finland, Beghin and Condat of France, Holland'a KNP and Haindl and Feldmuhla of West Germany.

These companies use kaolin —which accounts for about a third of ECC'a annual turnover of £604m, the rest of the annual sales coming from activities such as quarries and construction — either for filling gaps io the cellulose framework of peper to lend strength or to act as a coating medium to improve appearance.

The coating problems translates to e need to add to the top of e network of fibres e layer of material that, as well as being as thin as possible, has *the right degree of glossiness* and absorbs ink in e way suited to a particular printing process.

The fibres themselves are criss-crossed in a lattice arrangement to leave gops (which must be covered and filled to a certain degree by the coating) that may be onlv e few micrometres wide.

The coating challenge is similar — though oo a microscopic scale — to spreeding a layer of honey onto a slice of bread. The hooey must coat the hread satisfectorily, must not sink too far into the pores in the bread's structure and at the same time must look suitably enticing.

Solving the technical problems of coating is of fundameotal concern to the paper industry, for which sales of coated papers (for products such as higb-quality writing papers and glossy magazine) represent an area that is growing relatively fast.

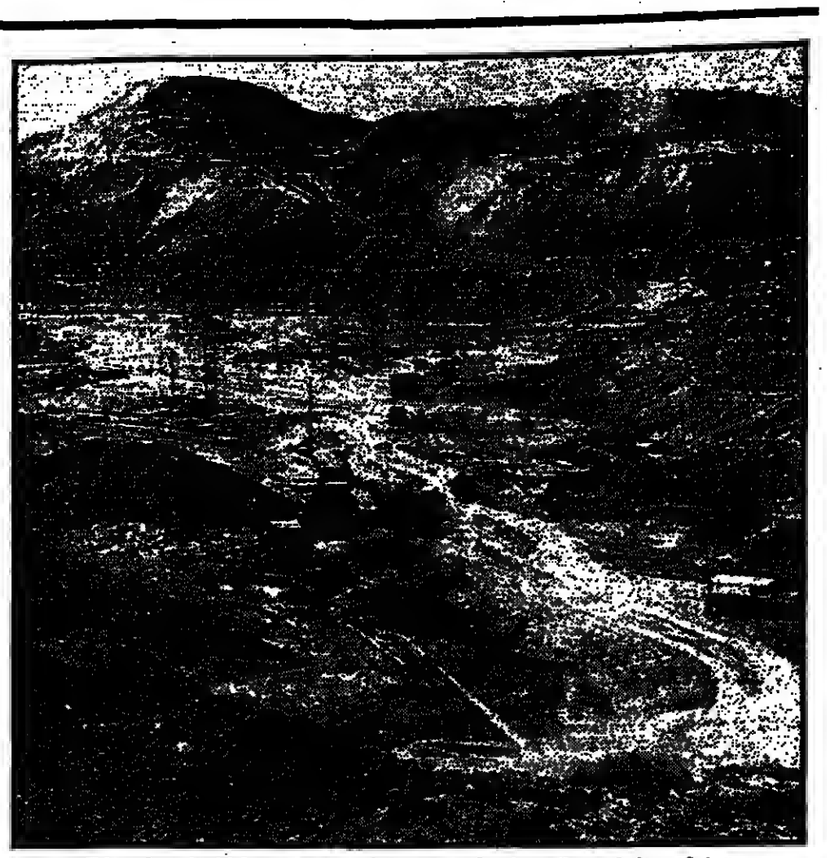
About 60 per cent of the clay ECC sells to the paper industry ends up as coatings, the rest as filler.

Similar problems are found in the plastics industry, a relatively new customer for china clay which is growing in importance. Companies such as Du Pont, BASF, Bayer and ICI are interested in using the St Austell company's new ability to specify size of kaolin particles, which could be crucial to the development of high-streogth plastics—for car components, for example.

While producers of china clay have treditionally supplied the material as mixtures of very small particles — with dimen*sions of 1-2 millionths* of a metre (micrometres) —researchers at ECC have in recent years come up with ways to produce clays containing particles with dimensions five to ten times bigger.

These changes in size fundamentally affect physical interactions between the clay and the other materials such as cellulose fibres, ceramics, plastics *and paint to which it is later* booded.

The Cornish company's ebility to specify size and shape results from a technique first to obtain from mined clay large particles of dimensions between 15 and 20 micrometres and then to grind them down to smaller elements of specified dimensions, using sand or abrasive balls. Made from alumioa, they are shaken up with the kaolin at high speeds.



China clay pit: high-pressure water jets free clay from the rock for refining

ECC both developed the grinding technology and built the machines to do the job, due, it says, to the lack of relevant expertise among commercial machinery makers.

Each grinder looks like a giant food mixer, containing spindles that revolve at about 400 revs a minute. Mr Ron Brociner, research director of ECC's clay division, is coy ebout revealing too many details of bow the machines operate.

By changing the speed of rotation of the spindles, the type of ebrasive material and the length of time the kaolin stays in the machine: "We can exercise control over how the kaolin particles break," says Mr Brociner.

The particles themselves enter the grinders as flat hexagonal plates of hydrated aluminium silicate. They emerge chemically the same but in a different physical form — either smaller in dimensions or else with more of a circular shape.

Developments in process technology over the past ten years have helped the company gradually to increase by e quarter the yield of clay from its mining operations.

The new refining steps feature flotation technology, in which clay particles are separated from a mixture containing other substances by adding a weterrepellant organic chemical that bonds selectively to the clay.

Fixed to a chemical in this way, the clay is borne oo a stream of bubbles away from the solotion containing the mixture.

CHINA CLAY REFINING

IMPORTANT steps in the refining of china clay are as follows:

● Clay is obtained from pits, along with other minerals, by the firing at the rock of high-pressure water jets. The clay, mixed with minerals such as mica and quartz, enters a refining plant by pipeline.

● The main separation technique in such plants is based on machines called hydrocyclones, in which rock particles are squirted through water under pressure. The relatively small clay particles (normally 1-2 micrometres in dimensions) travel faster than the bigger fragments of other rock and flow over the edge of a large basin to be collected. They are later dried and sold to customers as pellets.

● The materials separated using the hydrocyclones can be subjected to secondary treatment, using flotation technology. This ensures that relatively big particles of clay (about 2 to 20 micrometres in dimensions) can be recovered from a mixture of rock that would otherwise be discarded. In flotation, the kaolin, made water-repellant *by the addition of an organic* chemical, is separated from the other minerals on a stream of bubbles.

● A further stage of separation, which English China Clays has introduced relatively recently, involves the stock of rock separated out at the pit itself, by mechanical means such as excavators. Until the past year or so, this rock, containing kaolin particles of dimensions 10-50 micrometres, was judged to have too little clay for the orthodox refining steps and was dumped. ECC is now refining this using flotation techniques. The resultant particles are then ground down to smaller ones of specified size using grinding techniques as explained in the main text.

System for testing components

DAYMARC CORPORATION, the U.S. company known mainly for component handling systems used in electronic manufacturing, has developed an equipment that tests the components as well.

The move is unusual in that several of the established companies in automatic testing have pulled out of the discrete component test market to concentrate on antotesting of integrated circuits and printed circuit bords.

Daymarc says that in spite of predictions of an early death, the discrete semiconductor market remains strong with world sales topping $5bn annually. Many of these are signal and power devices that do not lend themselves to integration into "chips."

The company claims that its system is the first "genuine new design to be offered in six years." It uses parallel testing, in which up to four components can be dealt with at the same time. The various voltage and current tests are shared between the stations.

Known as PTS, the machine can be supplied with many combinations of test electronics and handlers. For example, the model 1720, dedicated to testing signal diodes, can handle 36,000 components an hour. More from Daymarc's UK office on 0483 67213.

U.S. prepares for the end of the leaded petrol era

Bob Rahder on how Americans are gearing up to tighter controls on pollutant petrol additives

AFTER more than 60 years, leeded petrol is set to disappear from the U.S. market. Within ten years the substance, also known as ethyl petrol, cootaining tetraethyl lead (TEL) or tetramethyl lead (TML), will no longer be on sale.

About 80 per cent of all the lead emission in to the air come from the engine exhausts of vehicles which burn such petrol. Lead gets into the air as a result of edding ethylene dibromide (EDB) to TEL/TML. *EDB is suspected of being a* human carcinogen, and is added to TEL/TML to reduce lead deposts thet would otherwise accumulate inside car engines, preventing valves from seating.

Breathing lead-tainted air results in increased levels of lead in the blood, with the "dangerous" threshold at 25 micrograms a deciliter. Effects on health range from high blood pressure or anaemia to kidney failure or mental retardation, with young urban children from nine months to six years especially vulnerable.

With an accumulation of convincing evidence of health damage documented the federal Environmental Protection Agency (EPA) issued "final regulations" in March on a two-stage phase-down of lead in petrol. Reduction of three other exhaust-gas pollutants also are involved—unburned gasoline hydrocarbons (HC), carbon monoxide (CO), and nitrogen oxides (NOx).

The EPA ruled that, from July, lead in petrol would be phased down from the previous maximum of 1.10 grams per gallon (g/gal) to 0.50, and to 0.10 oo January 1 1986. A total lead ban—technically 0.05 g/gal —is possible from January 1988.

The agency says the regulations will eliminate production and use in petrol of et least 272bn grams of lead by the end of 1994. Annual lead usage will decline from 44.3bn grams to abont 2bn in 1994.

Leaded petrol accounts for about 40 per cent of total U.S. annual consumption of 100.6bn gallons. The EPA estimates illegal fuel switching contributes about 12 per cent to total sales.

The death knell for this profitable market was rung by General Motors Corporation, which invented and developed TEL in the early 1920s and, with Standard Oil of New Jersey (now Exxon), formed the original Ethyl Gasoline Corporation in 1924.

When the Clean Air Act became law, in 1970, GM announced it would equip its cars with a catalytic exhaust-cleaning device to help redoce emissions of HC, CO, and NOx. The platinum/palladium catalysts in the device are deactivated by lead; so for cars equipped with converters, unleaded gasoline is essential and legally mandatory.

Today, an estimated 90 per cent of all petrol-fuelled cars and light trucks operating in the U.S. must burn unleaded petrol only to stay within the law. Cheating or fuel-switching is rampant. The agency says it takes place in about 16 per cent of all cars and light trucks designed (since the 1975 model year) for unleaded petrol.

The main incentive for cheating is price. Leaded petrol costs between 10 and 30 cents a gallon less than lead-free versions. Leaded gas, rated et 89 octane, also delivers better engine performance and economy than unleaded ordinary et 87.

Another motive for fuel switching is that the failure rate of catalysts increases as cars age, and a new converter can cost aboot $250.

After January 1, 1986, the EPA's regulations provide motorists with price incentives to stop fuel switching. At 0.10 g/gal., the egency, refiners and marketers agree that 89-octane leaded petrol will cost more to make than 87-octane lead-free ordinary.

Many are unhappy with March regulations. The agency ruled out a total lead ban on the grounds that pre-1975 cars—and other road end off-road vehicles allowed to use lead—require a trace of the element to prevent possible engine valve damage. Some owners of these vehicles claim that the 0.10g/ga level is too low to provide protection.

Opponents of TEL/TML claim thet engine protection is a miserable excuse for continuing to poisoo people. Ethanol (ethyl alcohol) producers agree, and are happy to point out, that ethanol, edded to gasoline to form gasohol, not only boosts octane by three points but emits no lead or ethylene dibromide, while sharply reducing carbon monoxide emissions.

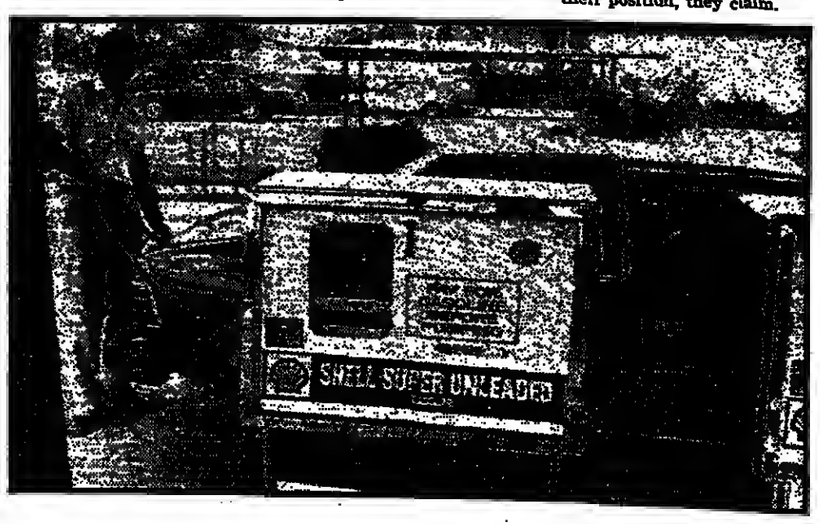
Many refiners objected strongly to having only until December 1985 to provide the 0.10 lead level. At least one major company, Shell Oil, predicts only "modest difficulty," while The Netionel Co-operative Refiners Associated endorses the schedule as did such companies as Ashland Oil and a number of independents.

Those who object to the timing predict turmoil in the market: some refineries may be forced to shut down, others to cut production, possibly leading to a petrol shortage. In the time allowed, they claim they will be hard pressed to expand or build new units to produce the octane-enhancing additives required to offset the loss of lead.

Amoco, for instance, claims *the short time-scale has* contributed to e sharp price increase in toluene, one of the arometie octane-enhancers. Aromatics required to help offset octane loss from lead phase-down elso provide feedstocks for the chemicals industry.

But the EPA and many refiners report that refinery reforming units used to make aromatics oow operate at only 50 per cent capacity.

There is elso e growing demand among many U.S. refiners for e tariff on imported petrol, which they say sells in the U.S. at prices below their production costs. The phase-down schedule further weakens their position, they claim.



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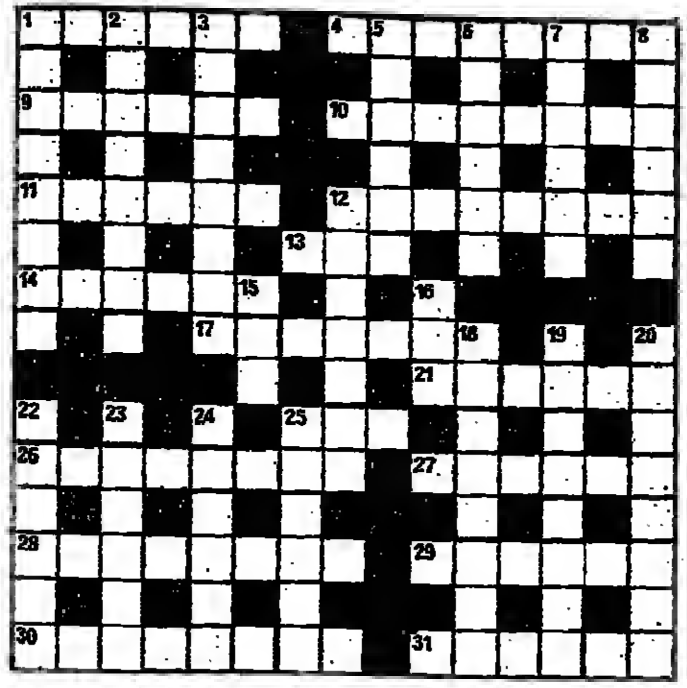


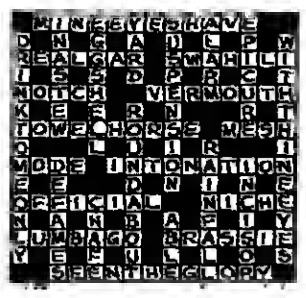
ACROSS

1 Turns four vessels round (6)
4 Barrels found around ancient dumps (8)
9 A Northerner retreats in alarm (6)
10 Slave in the pet's cemetery (8)
11 Going out for a book (6)
12 Unorthodox saint one found in a Baltic state (8)
13 Extra charge made by a TV organisation (3)
14 Half turn to the church and the sound of bells (6)
17 Sailor remains in Cornwall (7)
21 Friend tucked in, showing relish (6)
25 She's not allowed in bed (3)
26 Shot by firing squad and carried out (8)
27 Discovery means plea is changed (6)
28 Nothing daunted, I printed a different version (8)
29 Nice cake; is it? (6)
30 Clubbable all-rounder (4-4)
31 Draw results in little play (6)

DOWN

1 Gilbertian virtue (8)
2 State carriage? (8)
3 Payments subject to approval (8)
5 A woodsman at play? (6)
6 He has absolute control of the French vessel (6)
7 More ideal state (8)
8 Saw off the tongue (6)
12 Upset at dense and poor part of London (4, 3)
15 It's many toothed and spotted (3)
16 Tree snake (3)
18 Pile of food the farmer may plunge his fork into (8)
19 Clear evidence of what a ship is carrying (8)
20 Is it operated by the ring-finger (4-4)
22 Giving up selecting the best players we hear (6)
23 Pulse is fast at one fifty (6)
24 Magnificent Slav round up (6)
25 It's erected for the reception (6)

Solution to Puzzle No. 5,816



APPOINTMENTS

Managing director at Hyster Europe

HYSTER EUROPE, part of the U.S. based Hyster Company, has appointed Mr David M. Pollock as its managing director, a position vacated by Mr J. Phillip Frazier when he became president of the U.S. parent in June. Mr Pollock joins Hyster after a spell as vice-president with Onan Corporation.

*

Following the appointment of Mr Geoff Griffiths as president and chief executive, HOGAN SYSTEMS has appointed three associate directors. Mr Mansel Jones for international technical and customer support, Mr Rosemary Webster for finance and administration, and Mr John Moore, for international sales and marketing. All three were founder members of Hogan Systems in the UK under Mr Richard Warren who has moved to a senior vice-president's post in Dallas.

*

Mr Geoffrey Adams, head of the personal taxation department, has been appointed to the board of CHILTERN FINANCIAL SERVICES.

*

THE PORCHESTER GROUP has made Mr Alan Roberts a main board director with specific responsibility for development. In 1984/85 he was chairman of the Linked Life Assurance Group.

*

Mr Victor Wood has been elected a non-executive director of SUN LIFE ASSURANCE SOCIETY. He was managing director of Noble Lowndes.

*

BRITISH RAILWAYS BOARD has made Mr James Evans, chairman and managing director of Transmark—British Rail's international consultancy subsidiary. He has been managing director of Transmark since 1983. Mr Roy Withers, a member of the Transmark board, is appointed to the new post of deputy chairman. The changes follow the retirement at the end of July of BR Board member Mr James G. Urquhart who had been chairman of Transmark since March 1983.

*

Mr J. Allan Houghton has been named a divisional director of McCORMICK & COMPANY (UK). Mr Houghton is responsible for all sales and trading of bulk food ingredients as well as the supervision of fast food and restaurant chain accounts.

*

STATE BANK OF NEW SOUTH WALES has made the following appointments at its London branch: Mr G. E. Webster becomes assistant chief manager and Mr J. L. Doxey senior manager. Mr Webster is the deputy head of the London branch and Mr Doxey is head of corporate finance and marketing department.

*

PROCTER & GAMBLE has appointed Mr J. E. Millen to the board. He remains sales manager, laundry and cleaning products and a member of the management committee.

*

Mr Brian Hanley, managing director of PERKIN-ELMER DATA SYSTEMS, has been given responsibility for Perkin-Elmer's computer sales operations throughout The Netherlands as well as the UK and Republic of Ireland. He was named general manager in May 1983 and appointed to the board in October 1984.

CONTRACTS

£3.25m project for Higgs and Hill

HIGGS AND HILL BUILDING has been awarded a £3.25m design and manage contract for a production unit and office block at Feltham, to be completed in less than one year. The client for the project is Slough Estates and the buildings are being constructed to the specific requirements of the tenants, Thorn EMI. The works comprise a single storey production unit and two-storey administration and research building. The two storey building will be a composite construction comprising precast reinforced concrete columns, floor beams and deck with steel roof trusses and ties. The frame of the single storey production unit will be a composite structure with a precast reinforced concrete frame and a steel latticed roof structure.

*

Preston Borough Council has placed a £1.33m contract with BALFOUR BEATTY for the construction of four access roads into the council's redevelopment area in Preston docks. Balfour Beatty Construction has received a £500,000 design and construct sub-contract from Dun Valley Engineering for a coal handling plant to be built at ICI's works at Wilton, near Middlesbrough. The contract will be completed in 22 weeks and includes construction of a 12 metre deep coal reception hopper. Raynesway Construction of Paisley, a Balfour Beatty company, has received two contracts worth £127,000 from the Strathclyde Regional Council for road improvements to the A82 on the shores of Loch Lomond. Other orders include a £196,000 contract from ICI to build roads and drainage at its Castner Kellner works at Runcorn, Cheshire. Balfour Beatty is a member of the BICC Group.

*

SIR ROBERT McALPINE & SONS has been awarded two contracts valued at £2m for the construction of a simulator building at Torness Power Station for the South of Scotland Electricity Board and a car showroom and workshop in Northampton for Alington Motor Co. The simulator building supported on a 700 millimetre thick reinforced concrete raft foundation, will be of steel framed construction with brick and aluminium sheet cladding. When completed in June 1986 it will provide the SSEB with full training facilities in the running and control of Torness Power Station.

Arlington Motor Co has appointed Sir Robert McAlpine & Sons as contractors for its single storey car showroom and workshop in Bedford Road, Nottingham. The building will be of structural steel frame with profiled steel cladding and a 7.3 metre high profiled steel roof deck covered by insulation board and felt. When completed in February 1986, the building will accommodate a 370 sq metre car showroom, 280 sq metre of office space and 1,900 sq metre of works area combining a parts store, body shop and general servicing facilities.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Prudfic Unit Trusts
222, Bishopsgate, EC2. 01-247 7544

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-60, Ilford Hill, Ilford, Essex, IG1 2DL. 01-478 3577

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Reed Stenhouse Inv Services Ltd
145 Borough High St, Ldn SE1 1NV 01-628 6011

Reliance Unit Mgrs. Ltd.
Reliance Hse, Tunbridge Wells, Kent. 0892 22271

Ridgefield Management Ltd.
35 Fountain St, Manchester M2 2AF. 061-236 5685

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4. 01-280 5456

Royal Life Fd. Mgmt. Ltd.
New Hall Place, Liverpool L69 3HS. 051-227 4422

Royal London Unit Tst Mgrs Ltd
Rd. Ldn Hse., Colchester, C01 1RA 0206 576115

Royal Trust Can. Fd. Mgt. Ltd.
40-50, Cannon St, London EC4N 6LD. 01-236 6044

SKG Management Limited
20 Copthall Ave, EC2R 7JS. 01-600 7595

Save & Prosper Group
28, Western Rd., Romford, RM1 3LB.
68-73 Queen St, Edinburgh EH2 4NX (Standard) 0709-64566 or (Exec) 031-226 7351

Scottish Life Investments
19 St Andrew Sq, Edinburgh 031-225 2211

Scottish Mutual Investment Managers Ltd.
109 St. Vincent St, Glasgow G2 5HN. 041-248 6100

Scottish Provident Inv. Mgt. Ltd.
6 St Andrew Sq, Edinburgh 2. 031-556 9101

Scottish Unit Managers
29 Charlotte Sq, Edinburgh. 031-226 4372

Schroder Unit Trust Managers Ltd.
Enterprise House, Portsmouth. 0705 827733

Sun Life Trust Mgmt. Ltd.
107 Cheapside, EC2V 6DU. 01-606 6010

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)
99-101 London Rd, Sevenoaks. 0732 450161

TSB Unit Trusts (b) (c) (g)

Tyndall Managers Ltd.(a)(b)(c)
18, Canynge Road, Bristol. 0272 732241

Transatlantic and Gen. Secs. (c) (y)
91-99, New London Rd., Chelmsford. 0245-51651

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks. (0296) 5941

Temple Bar Unit Trust Mgrs Ltd
P.O. Box 442, 32 St Mary-at-Hill, EC3. 01-623 9333

Tsuchu, Rennant Unit Trust Mngt. Ltd.
Mermaid Hse, 2 Puddle Dock, EC4. 01-248 1250

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4. 01-280 5456

Trades Union Unit Trust Managers
100, Wood Street, EC2. 01-628 8011

Transatlantic and Gen. Secs. (c) (y)
91-99, New London Rd., Chelmsford. 0245-51651

Vanguard Unit Trust Managers Ltd.
Bath Hse, London, EC1A 2EU. 01-236 3053

Wardley Unit Trust Managers Ltd (a)
Wardley Hse, 7 Devonshire Sq, EC2. 01-626 4412

Schroder Unit Trust Managers Ltd.
Enterprise House, Portsmouth. 0705 827733

Waverley Asset Management Ltd (a) (c) (g)
13 Charlotte Sq, Edinburgh. 031-225 1561

WestAvon Unit Trust Managers Ltd(a)(c)
9 Portland Square, Bristol, BS2 8RS. 0272 428431

Whittingdale Unit Trust Managers
2 Honey Lane, EC2V 8AT. 01-606 9085/6

Wright Sellignan Fund Managers Ltd.
11, Blomfield St., London, EC2M 7AY. 01-588 0592

Sun Alliance Fund Management Ltd.
Sun Alliance Hse, Horsham. 0403 56293

Stewart Ivory Unit Trust Mgrs Ltd.(a)
45, Charlotte Sq, Edinburgh. 031-226 3271

Albany Life Assurance Co. Ltd.
3, Darkes Lane, Potters Bar. 0707-42311

Aetna Life Insurance Co. Ltd.
401 St. John St., London, EC1V 4QE. 01-837 6494

Allied Dunbar Assurance PLC
Allied Dunbar Ctr, Swindon SN1 1EL. 0793 28291

Ambassador Life Ass. Co. Ltd.
80 Holderhurst Rd, Bournemouth BH1 3AL. 0202 292345

Barclays Life Assur. Co. Ltd.
252 Romford Road, E7. 01-534 5544

Canada Life Group
2-6, High St, Potters Bar, Herts. P. Bar 51122

Canada Life Assurance Ltd.
Lutyens House, 16, Minories, EC3. 01-902 8876

Clerical Medical Managed Funds Ltd.
15 St. James's Sq., SW1Y 4LQ. 01-930 5474

Colonial Mutual Group
24 Ludgate Hill, EC4P 4BD. 01-248 9062

Commercial Union Group
St Helen's, 1, Undershaft, EC3. 01-283 7500

Confederation Life Insurance Co.
50, Chancery Lane, WC2A 1HE. 01-242 0282

Continental Life Insurance PLC
64/70 High St, Croydon CR0 9XL. 01-680 5225

Cornhill Insurance PLC
57 Ladymead, Guildford. 0483 68161

Credit & Commerce Life Ass. Ltd.
74, Shepherds Bush Green, W12 8SD 01-740 7070

Crusader Insurance PLC
Reigate, Surrey, RH2 8BL. 07372 42424.

Dominion Financial Management
120, Church St., Brighton, BN1 0273 696008

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Equitable Life Assurance Society
4 Coleman Street, London EC2R 5AP 01-606 6611

Equity & Law
Amersham House, High Wycombe. 0494 33377

Criterion Assurance Group
Swan Court, Petersfield, Hants 0730 63282

Crown Financial Management Ltd.
Crown Hse, Woking GU21 1XW. 04862 5033

British National Life Assurance Co. Ltd
Perrymount Road, Haywards Heath. 0444 414111

City of Westminster Assurance
Surrey House, 500, Avebury Boulevard, Cent. Milton Keynes MK9 2LA. Tel. 0908-606101/560088

Chieftain Assurance Funds
11 New Street, EC2M 4TP. 01-626 1533

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh, EH2 4HQ. 031-225 1865

Black Horse Life Ass. Co. Ltd.
346a, High St., Chatham 0634 405161

Clerical Medical/Fidelity International
Narrow Plain, Bristol, BS2 0JH 0272 298566

Family Assurance Society
Blackburn Hse, Church St, Brighton 0273 671113

Federation Mutual Insurance Ltd.
29 Lombard Lane, Redhill, Surrey. 67335

Friendlife Life Insurance Ltd.
5 London Wall Bldgs., EC2M 5NQ. 01-628 5181

Friends' Provident Life Office
Pixham End, Dorking. 03063 885056

G.T. Management Ltd.
8th Floor, 8 Devonshire Sq, EC2 01-283 2575

General Accident Linked Life Assurance(z)
20/24 Addiscombe Rd., Croydon CR9 5BS. 01-686 0411

Assicurazioni GENERALI S.p.A.
117, Fenchurch St, EC3M 5DY. 01 488 0733

General Portfolio Life Ins. PLC
Crouchmore St., Chesham, Herts. 0992 31971.

Greenham Unit Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 767655

Growth & Sec. Life Ass. Soc. Ltd.
47, London Front Exchange, E1 6EU 01-377 9345

Guardian Royal Exchange
Royal Exchange, EC3. 01-283 7101

Hearts of Oak Benefit Society
129, Kingsway, London, WC2B 6NF 01-404 0393

Henderson Administration
26 Finsbury Sq, London, EC2. 01-638 5757

Hill Samuel Life Assur. Ltd.
M.L.A Tower, Addiscombe Rd, Croydon. 01-686 4355

Imperial Life Ass. Co. of Canada
Imperial Life House, London Rd, Guildford 571255

Imperial Life (UK) Ltd.
Imperial Life House, London Rd, Guildford 571255

Irish Life Assurance Co. PLC.
Longlow House, 20, Clonmel St., EC1. 01-638 2731

Legal & General (Unit Assur.) Ltd.
2 Montefiore Road, Hove, East Sussex BN3 1SE

Legal & General (U.A.)—Contd.

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202/0733 242524

London Life
100, Temple St., Bristol, BS1 6EA. 0272-279279

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

London Indemnity & Gen. Ins. Co. Ltd
18-20, The Forbury, Reading 583531

Lombard Life
Lombard Hse, Hemel Hempstead, Herts. 0442 41881

London & Manchester Group
Winkfield Park, Exeter EX5 1DS. 0392 52155

Langham Life Assur. Co. Ltd.
Langham Hse, Holmbrook Dr, NW4. 01-203 5211

Legal & General (Unit Assur.) Ltd.

M & G Group
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

MGM Assurance
MGM Hse, Hanse Rd, Worthing. 0903 204631

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage. 0438 356101

Mercantile Life Assurance Co. Ltd.
Mercantile Hse, Hampton Rd, Teddington, Middx. 01-977 9988

Merchant Investors Assurance
Lion House, 233 High St., Croydon 01-686 9171

Municipal Life Assurance Ltd
99 Sandling Rd, Maidstone. 0622 679351

NEL Pensions Ltd.
Milton Court, Dorking, Surrey. 0306 887766

National Mutual Life
5, Rue Chanchard, London EC4M 9DH. 01-236 1566

National Mutual of Australasia
Serpentine Rd., Poole, Dorset. 0202 680666

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 622200

Pearl Assurance (Unit Funds) Ltd.
252 High Holborn, WC1V 7EB. 01-405 8441

Pioneer Mutual Insurance Co. Ltd.
16, Crosby Rd., N. Waterloo, L'pool 051-928 6655

Property Growth Assur. Co. Ltd.
Lees House, Croydon CR0 1LU. 03-680 0606

Property Growth Pensions & Annuities Ltd.

Providence Capital Life Assur. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Provident Life Assoc of London Ltd
24 Bishopsgate, EC2N 4QP. 01-247 3200

Provident Mutual Life Assoc. Assn.
Walton Rd., Hadlow, Herts, SG4 0LP 0438-739000

Provincial Life Assurance Co. Ltd.
222, Bishopsgate, EC2. 01-247 6833

Prudential Assurance Co.
Holborn Bars, EC1N 2NH. 01-405 9222

Prudential Pensions Limited
Holborn Bars, EC1N 2NH. 01-405 9222

Reliance Mutual
Reliance House, Tunbridge Wells, Kent. 0892 22271

Save & Prosper Group
28, Western Rd, Romford RM1 3LB. 0708-66966

Scottish Amicable Investments
150 St Vincent St, Glasgow 041-248 2323

Scottish Equitable Life Assce. Soc.
31, St Andrew Sq, Edinburgh. 031 556 9101

Property Equity & Life Ass. Co.
Baxter Ave, Southend SS2 6QN. 0702 333433

INSURANCE, OVERSEAS & MONEY FUNDS

Scottish Life Investments
19 St Andrew Square, Edinburgh. 031-225 2211

Property	105.8	111.5		—
UK Equity	130.2	137.1	+0.4	—
American	134.9	142.1	+2.5	—
Pacific	97.0	103.1	+2.6	—
European	128.3	135.1	+2.7	—
International	117.3	123.5	+2.5	—
Fixed Interest	104.8	110.4	+0.3	—
Index Linked	102.2	107.7		—
Deposit	104.4	110.0		—
Managed	114.3	120.3	+1.1	—
Pens. Property	110.6	116.5	+0.1	—
Pens. UK Equity	137.4	144.7	+0.5	—
Pens. American	142.2	149.8	+3.1	—
Pens. Pacific	99.8	105.1	+1.8	—
Pens. European	134.5	141.7	+2.6	—
Pens International	122.7	129.3	+3.2	—
Pens. Fixed Int	108.6	114.5	+2.6	—
Pens. Index Linked	105.3	110.9	-0.4	—
Pens. Deposit	111.0	117.0	—	—
Pens. Managed	119.1	125.5	+1.1	—

Scottish Mutual Assurance Society
109 St Vincent St, Glasgow. 041-248 6321

Pep. End Aug 16	611.9	630.8	—	—
Pen Mngd June 28	406.4	419.0	—	—

Scottish Mutual Investments
109 St Vincent St., Glasgow. 041-248 6822

Safety Fund	99.9	105.2		—
Growth Fund	97.7	102.9	+0.4	—
Opportunity Fund	97.7	107.9	+0.3	—
Cash Fund	96.9	102.0		—
European Fund	104.1	109.6	+2.0	—
Gilts & Fxd Int. Fund	100.3	105.6	-0.5	—
Index-Linked Fund	96.7	101.8	-0.4	—
International Fund	96.5	101.1	+1.9	—
North American Fund	90.4	95.2	+2.6	—
Pacific Fund	95.9	101.0	+2.1	—
Property Fund	96.9	102.0		—
UK Equity Fund	97.6	102.8	+0.6	—
UK Smaller Cos. Fund	100.5	105.8	+0.3	—

Scottish Provident Institution
6 St Andrews Sq, Edinburgh. 031-556 9181

Scottish Widows' Group
PO Box 902, Edinburgh EH16 5BU. 031-655 6000

Skandia Life Assurance Co. Ltd.
Frobisher Hse, Nelson Gte, S'th'mpt'n 0703 334411

Sun Life Unit Assurance Ltd.
St James Barton, Bristol BS99 7SL. 0272 426911

Managed Acc.	323.7	340.7	+1.8	—
Property Acc.	198.7	209.2		—
Equity Acc.	455.8	479.8		—
Fixed Interest Acc.	187.1	197.0	-0.8	—
Index-Linked Acc.	105.0	110.6	-0.1	—
Cash Acc.	168.7	177.6		—
American Equity Acc.	177.4	187.3	+4.6	—
D'S Bonds Acc.	107.6	113.3	+1.4	—
Japan Acc.	112.1	118.1	+1.3	—
Pacific Acc.	103.6	109.1	+2.4	—
Far Eastern Acc.	228.6	240.7	+2.4	—
International Acc.	228.0	240.1	+3.8	—
U.S. Dollar Acc.	103.1	108.6	+1.8	—
Yen Acc.	97.5	102.7	+1.4	—
European Currency Acc.	97.0	102.2	+0.6	—
Distribution	147.0	154.8	-0.2	4.70

Sun Life Pensions Management Ltd

Swiss Life Pensions Ltd
99-101 London Rd, Sevenoaks. 0732-450161

TSB Life Ltd
PO Box 3, Keens Hse, Andover SP10 1PG 0264 62188

Managed Fund	121.7	128.2	+0.4	—
Property Fund	110.2	116.0		—
Fixed Int Fund	116.1	122.3	-0.3	—
Money Fund	109.6	115.3	+0.1	—
Equity Fund	144.1	151.8	+1.5	—
TSB Pensions Ltd.				
Managed Pension	237.0	249.6	+1.4	—
Deposit Pension	102.0	107.5	+0.1	—

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0296) 5941

Prices quoted are for Accumulation units.

Teachers' Assurance Company Ltd
12 Christchurch Rd., B'mouth, BH1 3LW 0202-291111

Managed Fund	140.5	147.9	—	—
Gilt & Fixed Int Fd.	119.5	125.8	—	—
Cash Fund	113.0	119.0	—	—

OFFSHORE AND OVERSEAS

Arbuthnot Securities (C.I.) Ltd. (a)(c)(h)
P.O. Box 428, St. Helier, Jersey. 0534 76077

Aries Fund Managers Ltd.
PO Box 413, St Helier, Jersey. 0534 75141

Australian Gen Mngt Ltd
48, Athol Street, Douglas, IoM. 0624 20845

Next dealing date: September 16

B.I.A. Bond Investments AG
10, Bauerstrasse CH6301, Zug, Switzerland

BNP Inv Mgmt (Jersey) Ltd
PO Box 158, St Helier, Jersey 0534 76011

Julius Baer Bank & Trust Co Ltd
Butterfield House, Grand Cayman

Banford Brandt Guernsey Mngt. Ltd.
PO Box 71, St Peter Port, Guernsey 0481 26541

Bank of America International S.A.
35 Boulevard Royal, Luxembourg GD

Valued weekly on Wednesdays.

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Baring Fund Managers (Guernsey) Ltd
PO Box 71, St. Peter Port, Guernsey 0481 26541

Baring International Group
1901, Edinburgh Tower, Hongkong 01-588 6133

Bishopsgate Commodity Ser. Ltd.
PO Box 42, Douglas, IoM. 0624-23911

Brazil Capital Services Ltd.
48 Buchanan St., Glasgow G1 3JU. 041-204 1299

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Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.40		—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd.	11.18	8.30	12.30	Mth
7-day Fnd	11.43	8.40	12.08	Mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.31	8.47	12.67	6-Mth
7-day Fund	11.58	8.66	12.74	6-Mth
Dollar		6.87		6-Mth
Money Mngt. Acct.	11.00	8.22	12.27	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh, EH2 4DF 031-225 8484				
Full Service Cur Acc.	11.25	8.00	11.49	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc.	11.25	8.41	12.90	Qtr
Mth. Int. Chq.	11.125	8.33	12.54	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	10.85	8.11	12.01	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Dn. Cheque	11.0	8.25	12.38	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cury Alert	11.13	8.32	12.34	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.13	8.25	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.75	4.75	4.85	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Cheque Plus		9.00	13.30	Qtr
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.00	8.97	13.26	Qtr
Dartington & Co Ltd. Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc.	11.00	8.22	12.28	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Chelsea Deposit Acc.	11.50	8.59	12.98	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	10.85	8.11	12.01	Mth
Lloyds Bank PLC 71 Lombard St, London, EC3P 3BS. 01-626 1500				
HighInt Cheque Account	11.25	8.25	12.38	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	11.500	8.596	12.280	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A.	11.125	8.31	12.35	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8655				
High Int. Chq Acc.	10.70	8.00	11.92	Qtr
£10,000 +	11.17	8.35	12.47	Qtr
Provincial Trust (formerly Chaplartons) 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
Cheque Acc.	11.50	8.60	13.00	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	11.0	8.22	12.27	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	10.83	8.10	12.03	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc.	11.35	8.48	12.68	Qtr
Money Acc.	11.20	8.37	12.50	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	11.00	8.22	12.40	Mth
Over £10,000	11.25	8.41	12.70	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL 1SE 0752 24141				
High Int Chq Acc.	11.81	8.83	13.04	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xo ex dividend.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	16	Marks & Spencer	11
BAT	32	Midland Bk.	30
BOC Grp.	25	NEI	8
BSR	16	Nat West Bk.	60
BTR	52	P & O Dfd	36
Babcock	14	Plessey	17
Barclays	48	Polly Peck	26
Beecham	32	Racal Elect	18
Blue Circle	45	RHM	11
Boots	15	Rank Org Ord	32
Bowaters	28	Reed Intnl	50
Brit Aerospace	33	Sears	8
Brit. Telecom	11	TI	20
Brown (J.)	3	Tesco	20
Burton Ord	39	Thorn EMI	35
Cadburys	14	Trust Houses	13
Charter Cons.	18	Turner Newall	10
Comm Union	19	Unilever	85
Courtaulds	12½	Vickers	19
Debenhams	17½	**Property**	
Distillers	28	Brit Land	12
FNFC	8½	Cap Counties	18
Gen Accident	45	Land Secs	25
Gen Electric	17	MEPC	28
Glaxo	85	Peachey	22
Grand Met	25	Samuel Props	14
GUS 'A'	60	**Oils**	
Guardian	60	Brit. Oil & Min.	4
GKN	17	Brit Petroleum	42
Hanson Tst.	17½	Burmah Oil	18
Hawker Sidd.	38	Charterhall	6
ICI	60	Premier	5
'Imps'	18	Shell	60
Jaguar	28	Tricentrol	18
Ladbroke	24	Ultramar	29
Legal & Gen	50	**Mines**	
Lex Service	28	Cons Gold	44
Lloyds Bank	45	Lonrho	14
Lucas Inds	25	Rio T Zinc	56

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Hopes improve for UN agricultural fund

BY JAMES BUXTON IN ROME

THE INTERNATIONAL Fund for Agricultural Development, the Rome-based UN agency which aims to assist the poorest farmers of the third world, says it believes the problems surrounding the replenishment of its resources are at last close to a solution.

The medium-term future of IFAD has been in doubt for two years, principally because of the reluctance of the U.S. to make a contribution to the second round of the replenishment of its funds, by an amount of between $500m and $650m.

The U.S. has objected principally to the decision of other IFAD members to allow a reduction of the proportion of IFAD funds contributed by Opec countries.

IFAD, which has committed loans amounting to more than $2bn, was founded in the late 1970s as an equal partnership between OECD and Opec countries for the benefit of other developing nations. Members are now prepared to accept a 60-40 per cent split between the OECD and Opec countries. This encountered U.S. objections.

IFAD says that hopes of settling the issue arose at a meeting of its executive Board last week. Board members felt that formal negotiation could now be resumed and would soon lead to a successful conclusion. Mr Idriss Jazairy, IFAD's Algerian president, hopes to convene a meeting next month.

IFAD would not explain officially yesterday why it is now optimistic about the replenishment issue. Yesterday the U.S. embassy in Rome said that there had been no change in the official U.S. position.

But an official said that it was possible that Ifad's perception of the U.S. position had altered. There have been frequent informal discussions between IFAD and U.S. representatives in Rome.

Many details of the second replenishment remain to be ironed out, including its exact size. But the way is now slightly clearer than before for a U.S. contribution since the House of Representatives, before the summer recess, approved a contribution of up to $150m to IFAD's resources.

The Bill has still to be approved by the Senate.

New look for commodities price tables

THE COMMODITIES and Agriculture page today takes on a new look. The change in format involves some slight alterations in our price tables. The Paris sugar quotation, for example, moves to a new slot together with London sugar futures. Meat futures and fatstock prices are grouped together. And for reasons of space, we have reluctantly decided to drop quotations of Rotterdam grain prices.

Instead of daily prices for wool and cotton, we are presenting a new weekly market report for both commodities. This will alternate with weekly reports on jute and hides as follows: cotton on Tuesdays; jute on Wednesdays; hides on Thursdays; wool on Fridays.

Malaysia and Indonesia plan talks on surpluses

BY OUR COMMODITIES STAFF

MALAYSIA AND Indonesia, South-east Asia's two big competing commodity producers, are to hold ministerial talks later this month in Jakarta on the surpluses currently afflicting several of their key exports, Datuk Paul Leong, Malaysia's Primary Industries Minister, announced yesterday.

Datuk Leong's visit on September 23 and 24 is an indication of Malaysia's concern at low prices in rubber and tin in particular. He said he would seek Indonesian views on ways of halting the price declines and on measures to cut the surpluses.

The trip also comes against a background of increasing—if indirect—criticism from Kuala Lumpur of Indonesian cut-price competition.

Earlier this month, Datuk Leong accused the World Bank of misleading developing countries with optimistic reports about the future of the rubber industry, which is now facing one of its worst recessions in several years. Indonesia, which has been making strenuous efforts to diversify its economy away from oil, has been following Malaysia into production of commodities such as rubber and palm oil.

Malaysia is already taking the initiative in tin. At a meeting of tin producers scheduled for September 17 and 18 in Canberra, Datuk Leong plans to call for further cuts in output.

He said at the weekend that such a move would be aimed at stabilising prices.

In addition, Indonesia has recently been expressing increasing dissatisfaction with the operations of the International Natural Rubber Organisation, which was forced to drop its prices earlier this month owing to heavy support purchases by its buffer stock manager.

Copper fundamental outlook is positive

PARIS—Copper industry fundamentals continue to look good for the rest of this year and at least until the middle of 1986, the Inter-Governmental Council of Copper Exporting Countries (CIP/EC) said in its latest report.

Prices, however, have not recovered and it is a long time since terminal market prices have been so out of line with the fundamentals, it said in its April-June quarterly review.

Dollar prices were significantly higher in 1982 and 1983 when copper production, consumption and stocks were less favourable than they are now, it noted.

There is no fundamental reason for the low prices as the market is currently in deficit, Cipec said. Consumption of refined copper this year looks likely to exceed production by anything from 50,000 to 300,000 tonnes to which must be added a further deficit of between 90,000 and 200,000 tonnes for net exports to centrally planned economies, it pointed out.

The total deficit for the year has been variously estimated at between 215,000 and 500,000 tonnes.

Reuter

LONDON METAL EXCHANGE WAREHOUSE STOCKS

(Changes during week ending Sept. 6)

	(tonnes)
Aluminium	+3,475 to 184,075
Copper	+6,700 to 213,350
Lead	−750 to 35,200
Nickel	−162 to 5,988
Tin	+2,120 to 33,980
Zinc	+175 to 36,150
	(ounces)
Silver	−196,000 to 53,426,000

Tea auction

● TEA PRICES were little changed at yesterday's weekly London auction. Quality grade was again unquoted. Medium grade gained 1p at 136p a kilo while low medium was unchanged at 108p a kilo.

Argentina going flat out for grain sales

BY JANE MONAHAN

AT A time when most of the world's grain producers are finding exports distinctly sluggish, Argentina—the fifth largest exporter—is producing flat out, with grain and oilseed sales running at record levels this year.

There are solid reasons behind this apparently maverick approach. The International Monetary Fund (IMF) and international bankers want Argentina to step up its grain and oilseed exports to be able to service the country's $48.5bn foreign debt.

The exports in question brought in $4.6bn of total foreign exchange earnings last year of $8.1bn. This was almost 60 per cent of the total. By contrast, bully beef exports, which were once so important, generated only $724m, about 10 per cent of total export earnings.

Argentina's principal grain exports are wheat—Argentina exported 9.6m tonnes in 1984, and she now ranks fifth in the world in exports after the U.S., Canada, the EEC and Australia. Then there are the coarse grains — maize and sorghum, with an output of 11m and 7m tonnes respectively in 1984, 70 per cent of which was exported.

Meanwhile, in soyabean exports, of which it had none 10 years ago, Argentina now ranks third after the U.S. and Brazil. Last year 7m tonnes were harvested, 5.5m tonnes were crushed locally and 40 per cent of output was exported. This growth has turned Argentina into a powerful competitor in soyabean markets, particularly in the EEC and the USSR.

But another reason why Argentina is increasing its grain exports is because of President Raul Alfonsin's new economic plan. This is aimed at reducing inflation and the country's debt, but economic recovery, and ultimately the solvency of the nation, is pinned on a 50 per cent increase in grain production and a 40 per cent increase in grain exports by 1989.

The third incentive for raising grain output is that Argentina is in the unique position of being able to continue to make profits, in spite of falling dollar prices, and when other exporters are making a loss. This is because it is the lowest cost producer by far.

The pampas, where 80 per cent of the country's grain is currently produced, are extraordinarily rich. Once the bed of an inland sea, the pampas are now one of the most fertile and best watered expanses of land in the world. It has a topsoil 11 to 12 feet deep. This makes the use of fertilisers virtually unnecessary.

Nevertheless if the Government pursues its plan to increase the output of grain, fertilisers—one of a farmer's most expensive inputs—may have to be used. If this happens Argentina's comparative cost advantages would be greatly reduced.

Finally Argentina exports its grain for all it is worth because the country has almost no storage facilities. Consequently, farmers are under pressure to sell their grain at the prevailing prices at the time of harvesting.

And large customers — the international grain companies and the Soviet Union included —take this vulnerability into account in sales negotiations, Argentine farmers allege.

Argentina's advantages have been evident for some time. In March an agreement was signed with Peru according to which Argentina will provide Peru with up to 700,000 tonnes of wheat a year over the next three years to December 1988. Peru, which needs to import about 1m tonnes of wheat a year, was supplied in the past entirely by the U.S.

A further blow to U.S. farmers was a recent $150m deal with Brazil for Argentina to supply 1.37m tonnes of wheat between this October and next July. This agreement followed a fight last year when the U.S. temporarily managed to seize Argentina's traditional market share in Brazil by offering generous export credit subsidies with which Argentina could not compete.

However Argentina then recovered the market share by lowering its price. Mr Bill de Maria, senior director in the IWC, concludes: "The case showed no amount of credit advantages can spike a good price deal. There is no evidence that export credits create new grain markets anywhere."

WORLD WHEAT MARKET SHARES

(million tonnes)

	1980-81	1981-82	1982-83	1983-84
Argentina	3.9	4.3	7.5	9.6
Australia	11.1	11.4	8.5	11.6
Canada	17.0	17.8	21.1	21.2
EEC	12.7	14.0	14.1	15.0
U.S.	42.1	49.3	39.3	38.3

Source: International Wheat Council

World market in a state of crisis

Farmer's viewpoint: by John Cherrington

IT WOULD be no exageration to say that the world cereal scene is in a state of crisis. There are just too many tonnes of grain chasing too few viable buyers. This is complicated by currency instability which is enabling a number of countries to succeed in buying markets by devaluation, either deliberate or inadvertant. It is further distorted by the Soviet Union — which last year bought over 50m tonnes — holding off the market.

The attitude of the Soviets is crucial. Has the harvest there, which is reported to be better than last year's, been so good as to remove the need for further imports? Or, are the Russians, who can read the papers as well as anyone else, simply holding off the market in the expectation that prices will drop further? My guess is that after the heavy purchases of the last two or three years the Russians may be trying to manage on what they grow.

It is not generally known that the Russian grain purchases are mainly for animal feed, and that so inefficient is the conversion of grain fed to Russian animals that they need a much larger tonnage to produce a tonne of meat and butter than do the EEC and the U.S. farming economies. It is also true that the world's meat and dairy product markets are heavily overloaded and the Russians may feel it better to buy the finished products. Or perhaps the farmers there will finally learn how to compete on equal terms with their counterparts in the West.

The woes of U.S. farmers suffering the highest rate of bankruptcies for years is matched by quite serious problems in the other grain growing areas, particularly Australia and Canada. Nowhere outside the EEC are farmers more insulated from the realities of the market place. But in the EEC too the situation is getting very serious — not necessarily for the individual farmers but for the funds of the Community.

The Common Agricultural Policy (CAP) supports the cereal market by a combination of export subsidies and intervention buying. During the last cereal year ending May 31 exports totalling 7.78m tonnes of wheat and 6.28m tonnes of barley were authorised. This time it is a very different story. Only 173,000 tonnes of wheat and 586,000 tonnes of barley have been authorised in the period from early June. At the same date in 1984 the totals were 3.68m tonnes of wheat and 1.57m tonnes of barley.

The cost of export has also risen dramatically. At the end of August 1984 the restitution on wheat was £9.48 per tonne and £16.44 on barley. For the week ending August 29 1985 they were £29.77 per tonne for wheat and £40.10 for barley. This rise in export subsidy cost reflects the fall in value of the U.S. dollar, in which grain is usually traded, and a decline in world prices.

This underlines the difficulty of matching EEC prices with those on the world market: despite those tempting subsidies, buyers are not materialising. Even the French who have had many years more experience in exporting grain are having difficulty in making sales, although, thanks to better harvesting conditions, they are taking what markets there are. This is particularly so with malting barley, a market which used to be almost a British monopoly. It is I believe cheaper to send malting barley to Scotland from the Continent than from the East of England.

The British cereal grower is facing what could be a disaster in that the harvest has been badly damaged by the weather. There are many reports of grain sprouting, and this is not only confined to wheat; barley can do this as well. The effect of sprouting, if extensive, can destroy the milling quality of wheat and malting barley. It can also cause a reduction in the specific weight of the grain and thus disqualify it from sale into intervention or for export.

There are as yet no figures for exports from the UK for 1985, probably because the harvest is so delayed, although a few ships are reported to have loaded. But intervention offers for barley in August 1985 amounted to 949,205 tonnes as against 402,643 in 1984. Wheat offers are just coming in at 241,206 tonnes as against 443,252 last year.

It is an indication that the world market for grain is in the doldrums that there seem to be few prospects for exporting even with the high restitutions now being offered. Feed grains are being aggressively sold by all the major exporters and the U.S. is targeting certain areas, North Africa and the Middle East for instance, for special offers of wheat and flour. So far though there is no evidance of actual sales. It seems that even these favoured buyers are weighing up the offers.

Even so the prices being offered by the UK trade for export grain in no way match those offered by the intervention outlet. The only real premiums are for wheat of milling quality because of temporary shortage. The general opinon seems to be that if his sample will not go to intervention the UK farmer might have to unload it on a home market which could not possibly absorb even two thirds of a normal harvest. Only the possibility that the total harvest will be a good deal smaller than has come to be considered normal looks likely to stave off a complete market collapse.

LONDON MARKETS

CONDITIONS were quiet on the London soft commodities futures markets yesterday. Coffee prices moved higher on sterling's weakness but ended the day only modestly above Friday's close following late profit-taking sales. Dealers said trading was constrained because of uncertainty ahead of the International Coffee Organisation quota talks which begin in London next Monday.

The December cocoa position lost all its early currency based gains following an easier opening in New York. But dealers said basic sentiment remained strong on crop and shipment doubts.

Sugar futures were buoyant in late afternoon reflecting gains in New York and trade and speculative buying.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	757-8	+7.5	—
3 months	780-.8	+38.5	788/778.5

Official closing (am): Cash 758-.5 (742-.5), three months 780.5-1 (764-.5), settlement 758.5 (742.6). Final kerb close: 778.5-80. Turnover: 23,225 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/low
Cash	1046.5-7.0	+0.5	1048-.5
3 months	1072.5-3.5	+12.25	1077/1062

Official closing (am): Cash 1046.5-7 (1028-.5), three months 1072-3 (1053-.5), settlement 1047 (1028.5). Final kerb close: 1074.5-75.

Cathodes			
Cash	1021-2	+11	—
3 months	1049-51	+19	1053

Official closing (am): Cash 1022-4 (1003.5-4), three months 1050-1 (1031.5), settlement 1024 (1004). Turnover: 28,700 tonnes. U.S. producer prices 66-69 cents per lb.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	298.5-9	−2.75	—
3 months	299.5-300	−2.5	302.5/298

Official closing (am): Cash 298-.5 (299.5-300), three months 298.5-9 (300-.5), settlement 298.5 (300). Final kerb close: 300.5-1. Turnover: 11,425 tonnes. U.S. spot: 19.50-20 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	3580-90	+50	—
3 months	3620-5	+58.5	3630/3575

Official closing (am): Cash 3580-90 (3506-8), three months 3625-30 (3528-32), settlement 3590 (3508). Final kerb close: 3620-25. Turnover: 690 tonnes.

TIN

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low for day
Cash	9190-2	+31.5	9225
3 months	9150-60	+37.5	—

Official closing (am): Cash 9232-4 (9135-7), three months 9175-80 (9095-100), settlement 9234 (9137).

Standard			
Cash	9190-2	+32.5	9234/9192
3 months	9150-5	+36	9200/9128

Official closing (am): Cash 9215-20 (9135-7), three months 9272-7 (9095-100), settlement 9220 (9137). Final kerb close: 9145-50. Turnover: 1,325 tonnes. Straits tin $m 29.75 (30.34) hilo.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	531-2	+4	—
3 months	537-8	+6	540/535

Official closing (am): Cash 536-7 (531.5-2.5), three months 543-.5 (538.5-7), settlement 537 (532.5). Turnover: 26,100 tonnes. U.S. Prime Western: 41-41.75 cents per lb.

GOLD

Gold milled to close little changed on the London bullion market yesterday, after President Reagan announced economic sanctions against South Africa. It finished $¼ higher at $320¼-320¾. The highest point touched was $320¾-321¼. The metal opened at $320-320½, and was fixed at $320.20 in the morning, and $310.35 in the afternoon. The strength of the dollar at one time pushed gold down to $318-318½.

Yesterday's figures not available for this edition.

SILVER

Silver was fixed 16.95p an ounce higher for spot delivery in the London bullion market yesterday at 464.55p. U.S. cent equivalents of the fixing levels were: spot 606c, up 5.8c; three-month 617.85c, up 6.2c; six-month 630.25c, up 6.45c; and 12-month 657.95c, up 0.55c. The metal opened at 458½-459½p (607-610c) and closed at 464½-467½p (608-611c).

SILVER per troy	Bullion Fixing Price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	464.55p	+15.5	467.5p	+18.5
3 months	477.35p	+16.5	480.5p	+18.4
6 months	489.60p	+16.9	—	—
12 months	516.15p	+17.5	—	—

LME—Turnover: 50 (47) lots of 10,000 oz.

Three months high 480p, low 476p, final kerb 479.5-81.5.

FREIGHT FUTURES

The market opened in thin trading conditions and remained quiet throughout the day. Minor gains were made during the afternoon, reports Clarkson Wolff. The Baltic Freight Index was 736.5, up 1.5.

	Close	High/Low	Prev.
Oct.	814/816	815/814	812/814
Jan.	865/875	866/863	864/867
April	916/935	920	915/935
July	855/870	—	855/865
Oct.	920/990	—	910/980
Jan.	960/1020	—	960/1030
April	960/1025	—	960/1030
July	985/1000	—	985/1000

INDICES

FINANCIAL TIMES

Sept. 6	Sept 5	M'th ago	Year ago
254.72	254.38	254.50	294.50

(Base: July 1 1952 = 100)

REUTERS

Sept. 9	Sept. 6	M'th ago	Year ago
1736.6	1725.8	1711.8	1863.0

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Sept. 6	Sept. 5	Month ago	Year ago
Spot	112.69	112.64	—	197.79
Fut.	112.22	113.26	—	196.47

(Base: December 31 1974 = 100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Sept 9 1985	+ or —	Month ago
METALS			
Aluminium	£1100		£1100
Free Mkt	$1035/50		$1055/75
Copper			
Cash h Grade	£1047	+9.5	£1081
3 mths	£1073	+12.25	£1046
Gold Troy oz	$320.5	+0.25	$330
Lead Cash	£298.75	−2.75	£300.75
3 mths	£299.75	−2.0	£296.70
Nickel			
Free Mkt	212/232c		224/240c
Palladium oz	$96.50	−0.5	$100.10
Platinum oz	$309.75	+1.5	$291.15
Quicksilver†	$290/300		$280/300
Silver troy oz	464.55p	+16.55	484.50p
3 months	477.35p	+16.55	467.50p
Tin cash	£9101	+38.5	£9177.5
3 months	£9152.5	+36	£9150.5
Tungsten	$67.32		$71.85
Wolfram 22.0lb	$65/70		$64/70
Zinc	£531.5	+4	£536
3 months	£537.5	−5	£540
Producers	$790/850		$830
OILS			
Coconut (Phil)	$430z		$500
Palm Malayan	$365y	−5	$425.0
SEEDS			
Copra Phil	$290y		$335
Soyabean (U.S.)	$216		$215.75
GRAINS			
Barley Fut. Nov.	£104.65	+0.3	£102.05
Maize	£129.50y	−5.5	£134.05
Wheat Fut. Nov.	£104.35	+0.3	£101.85
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Dec.	£1786.5		£1727.5
Coffee Ft. Nov.	£1598	+5.5	£1690.5
Cotton A Index	64.05c	−0.5	67.30c
Gas Oil Oct.	$241.5	−4.5	$229.75
Rubber (kilo)	62.5p	+0.5	63p
Sugar (raw)	$131.5z	+1.5	$118
Wooltops 64s	495p kilo	+4	455p kilo

‡ Unquoted. z Sept-Oct. y Oct. † Per 76-lb flask. a Cents per pound.

COCOA

Futures traded in a confined range closing little changed from Friday. A stronger dollar had little impact on rising price levels. Manufacturers and origins were quiet, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Sept.	1735-1740	−16.0	1758-1741
Dec.	1756-1757	—	1729-1785
March	1804-1805	+0.5	1814-1804
May	1822-1823	+5.5	1828-1825
July	1839-1854	+1.5	1842-1852
Sept.	1850-1860	+14.0	1858-1850
Dec.	1848-1857	+14.0	—

Sales: 2,588 (5,288) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for September 9 102.28 (103.77): five-day average for September 10: 104.58 (105.09).

COFFEE

After opening slightly easier, lower sterling triggered a sharp advance in light volume, reports Drexel Burnham Lambert. Strong resistance at around £20-30 higher prevented further gains and as sterling recovered prices retraced on some small-scale profit-taking before consolidating in a narrow range.

COFFEE	Yesterday's Close	+ or —	Business Done
Sept.	1652-1655	+10.0	1670-1649
Nov.	1691-1693	+6.0	1710-1678
Jan.	1721-1725	+0.5	1744-1716
March	1759-1788	+9.5	1775-1771
May	1788-1790	+11.0	1798-1771
July	1815-1818	+19.0	1818-1797
Sept.	1800-1890	+15.0	1865

Sales: 1,675 (2,717) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for September 6: Comp daily 1979 118.05 (118.16); 15-day average 120.31 (120.48).

GRAINS

Wheat saw a follow-through of Friday's profit-taking and merchant selling to reach 20p down but milled alongside barley as further quality problems became apparent. Shipper buying was a major feature, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday's close	+ or —
Sept.	103.10	+0.35	102.60	+0.85
Nov.	104.30	+0.30	104.55	+0.50
Jan.	107.95	+0.30	108.25	+0.85
Mar.	111.00	+0.35	111.25	+0.55
May	114.30	+0.35	114.10	+0.60
July	117.00	+0.25	—	—

Business done—Wheat: Sept 103.10-2.80, Nov 104.45-3.85, Jan 108.0-7.45, March 111.00-10.75, May 114.30-3.85, July untraded. Sales: 198 lots of 100 tonnes. Barley: Sept 102.60-1.80, Nov 104.60-4.00, Jan 108.25-7.65, March untraded, May 114.10-3.80. Sales: 57 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring no. 1 15 per cent Oct 131.60, Nov 133.40, Dec 135.10 transhipment east coast. U.S. no. 2 soft red winter Sept 112.75, Nov 116, Dec 115.75. EC Sept 110.00. English feed fob Sept 103.75 and 103.85 paid east coast, Sept 103.00-13.50, Oct 104.25-108.50, Oct/Dec 105.75-106.25 buyers/sellers, Jan/Mar 112.50, Apr/Jun 117.60 sellers. Maize: U.S. no. 3 yellow/French transhipment east coast Oct 129.50. Barley: English feed fob Oct 104.25 paid east coast, first-half Sept 101.00 value, Sept 101-102, Oct 104.00-104.50, Oct/Dec 108.50-108.75 buyer/seller, Jan/Mar 112.50 seller. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 96.10, E Mids 94.00, N East 97.20, Scotland 98.00. The UK monetary coefficient for the week beginning Monday September 16 (based on HGCA calculations using four days' exchange rates) is expected to remain unchanged.

MEAT

PIGMEAT—One substantial buyer was notable as the recent 6mm trend continued, backed by firm physical prices, reports CCST Commodities.

Month	Yesterday's close	Previous close	Business done
	g. per kilo (deadweight)		
Oct	114.30	116.50	114.5-113.5
Nov	115.70	114.60	115.5-115.5
Feb	102.90	102.30	103.0-102.5
April	104.20	103.00	104.5-103.8
June	103.50	102.30	103.0
Aug	101.80	100.80	101.5-100.5

Sales: 133 (102) lots of 80 carcases, 3,250 kg.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.05p per kg lw (−1.65). GB—Sheep 145.11p per kg est dcw (−2.50). GB—Pigs 81.92p per kg lw (+1.47).

U.S. MARKETS

GOLD AND SILVER traded modestly lower on selling linked to the dollar's firm tone, reports Heinold Commodities. Copper and aluminium weakened with aggressive selling noted in copper in response to the larger-than-expected build-up in LME stocks. Tightness in nearby cash supplies continued to support large values. Coffee came under pressure from reports of good availability of nearbys. Dollar strength encouraged sharp losses in cocoa as manufacturer pricing remained light and arbitrage selling developed. The energy complex lost ground from reports of a pick-up in Saudi Arabian production along with nervousness over future Opec pricing policy. Cotton traded lower from sympathetic selling in line with the grain complex along with poor export demand. Maize and soyabeans suffered losses in response to a bearish trade crop report along with favourable weather conditions

NEW YORK

ALUMINIUM 40,000 lb. cents/lb

	Close	High	Low	Prev
Sept	43.60	—	—	43.70
Oct	43.90	—	—	44.00
Nov	44.25	—	—	44.10
Dec	44.60	44.65	44.35	44.60
Jan	45.00	—	—	45.18
March	45.70	45.79	45.40	45.85
May	46.40	—	—	46.55
July	47.10	—	—	47.25
Sept	47.80	—	—	47.95
Jan	49.20	—	—	49.35

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Sept	2087	2100	2087	2120
Dec	2124	2159	2121	2185
March	2174	2203	2170	2230
May	2200	2220	2200	2249
July	2231	2238	2230	2269
Sept	2245	2253	2245	2278
Dec	2290	—	—	2296

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Sept	133.38	134.25	133.28	134.25
Dec	135.41	137.02	135.00	136.95
March	136.98	138.45	136.80	138.13
May	138.00	138.50	137.50	138.80
July	138.86	139.00	138.80	139.51
Sept	139.28	—	—	140.10
Dec	139.75	—	—	139.50

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Sept	59.80	60.45	59.85	60.95
Oct	60.05	60.60	60.50	61.20
Nov	60.30	—	—	60.90
Dec	60.60	61.25	60.55	61.75
Jan	60.80	—	—	61.95
March	61.20	61.85	61.20	62.35
May	61.50	62.05	61.60	62.65
July	61.75	62.40	62.00	62.95
Sept	62.05	62.80	62.55	63.25
Dec	62.70	63.20	62.80	63.50

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	58.47	58.49	58.02	58.25
Dec	57.57	58.13	57.80	58.24
March	59.07	59.20	59.00	59.27
May	59.60	59.72	59.50	59.80
July	59.25	59.42	59.15	59.40
Oct	54.47	54.36	54.18	54.42
Dec	53.32	53.54	53.20	53.91

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Close	High	Low	Prev
Oct	27.42	27.85	27.37	27.75
Nov	26.91	27.13	26.62	27.25
Dec	26.44	26.67	26.12	26.80
Jan	26.06	26.31	25.80	26.46
Feb	25.60	26.03	25.67	26.20
March	25.51	25.80	25.40	25.96
April	25.31	25.52	25.22	25.73
May	25.15	25.10	25.10	25.51
June	24.78	25.10	24.89	25.33

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	319.4	—	—	320.7
Oct	320.8	322.8	319.0	322.2
Nov	323.0	—	—	321.8
Dec	325.2	327.1	323.7	325.6
Feb	329.6	331.0	328.0	330.9
April	334.0	335.2	332.1	335.2
June	338.8	339.9	339.4	340.0
August	343.8	344.0	343.5	344.8
Oct	348.8	350.0	349.5	349.8
Dec	353.8	354.5	354.5	354.8
Feb	359.1	—	—	360.1
April	364.8	—	—	365.5
June	370.2	371.0	371.0	371.2

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Sept	136.36	136.60	135.00	134.40
Nov	129.35	129.60	128.75	128.05
Jan	125.46	125.70	125.40	125.00
March	123.75	124.08	123.60	123.50
May	122.75	120.11	—	122.75
July	122.75	123.00	122.50	122.75

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Oct	79.30	79.55	78.00	79.81
Nov	78.85	79.00	77.32	79.32
Dec	78.05	78.60	76.96	78.86
Jan	77.40	78.10	76.55	78.46
Feb	75.90	76.30	75.50	77.34
March	72.80	73.35	72.20	74.20
April	70.00	—	—	71.80
May	68.85	—	—	70.85

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	315.1	317.5	308.5	316.1
Oct	316.6	318.5	308.0	310.3
Jan	316.4	318.5	312.5	318.4
April	323.3	323.0	313.5	318.2
July	323.7	323.5	317.5	318.2
Oct	327.7	—	—	321.2

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Sept	600.5	611.0	601.6	612.3
Oct	603.2	—	—	615.7
Nov	607.2	—	—	613.7
Dec	611.5	623.5	610.0	624.0
Jan	616.0	—	—	628.5
March	624.7	636.0	624.0	637.2
May	633.6	644.0	635.5	646.2
July	643.7	655.0	650.0	655.3
Sept	653.6	665.0	660.0	666.3
Dec	669.2	—	—	681.7

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Oct	5.34	5.46	5.30	5.17
Jan	5.47	5.58	5.30	5.27
March	5.71	5.84	5.61	5.60
May	5.87	5.98	5.78	5.76
July	6.06	6.17	6.00	5.97
Oct	6.43	6.51	6.30	6.29
Jan	6.53	—	—	6.38

CHICAGO

LIVE CATTLE 40,000 lb; cents/lb

	Close	High	Low	Prev
Oct	52.00	53.55	52.60	54.10
Dec	55.22	56.25	55.22	56.72
Feb	54.60	55.75	54.60	56.10
April	55.32	56.55	55.30	56.80
June	55.85	57.00	56.85	57.27
August	55.20	56.40	56.20	56.70

LIVE HOGS 30,000 lb; cents/lb

	Close	High	Low	Prev
Oct	34.80	35.10	34.45	35.47
Dec	36.70	37.10	36.35	37.45
Feb	38.50	39.00	38.10	39.37
April	36.27	36.75	36.12	36.87
June	40.30	40.40	39.95	40.87
July	40.75	40.95	40.45	41.10
August	40.72	40.75	40.40	40.70
Oct	38.37	38.50	38.25	38.27
Dec	38.75	38.75	—	38.85

MAIZE 5,000 bu min; cents/56 lb-bushel

	Close	High	Low	Prev
Sept	223.2	224.6	222.4	226.2
Dec	215.2	210.4	214.5	216.4
March	225.2	225.2	223.4	226.8
May	232.2	233.0	231.4	234.0
July	236.0	236.0	236.2	237.4
Sept	228.2	229.0	228.2	229.2
Dec	225.4	226.2	224.0	226.2

PORK BELLIES 38,000 lb; cents/lb

	Close	High	Low	Prev
Feb	56.55	57.20	56.12	58.05
March	56.95	57.30	56.25	58.20
May	57.75	58.35	57.45	58.45
July	58.10	60.35	57.90	59.15
August	55.17	56.40	55.95	57.30

SOYABEANS 5,000 bu min; cents/60 lb-bushel

	Close	High	Low	Prev
Sept	505.0	509.4	504.4	513.0
Nov	502.4	517.4	502.0	510.0
Jan	511.6	517.0	511.4	519.4
March	523.2	526.0	523.0	531.2
May	533.4	537.0	533.4	540.2
July	540.0	543.0	540.0	546.0
August	540.0	543.6	540.0	545.0
Sept	537.4	537.4	537.4	543.0
Nov	536.0	541.4	536.0	543.2

SOYABEAN MEAL 100 tons; $/ton

	Close	High	Low	Prev
Sept	126.0	127.7	126.0	128.3
Oct	127.2	128.7	127.0	128.9
Dec	130.7	132.4	130.6	133.3
Jan	132.3	133.9	132.5	134.8
March	135.5	136.5	135.0	137.7
May	137.7	139.0	137.5	140.0
July	139.7	141.0	139.5	142.0
August	140.5	141.5	140.0	143.5
Sept	139.3	—	—	143.5

SOYABEAN OIL 60,000 lb; cents/lb

	Close	High	Low	Prev
Sept	21.5	21.75	21.36	21.86
Oct	21.20	21.37	21.00	21.57
Dec	21.05	21.15	20.90	21.28
Jan	21.25	21.36	21.10	21.47
March	21.56	21.65	21.43	21.72
May	21.87	21.86	21.70	21.96
July	22.15	22.25	22.02	22.41
August	22.30	22.40	22.15	22.36
Sept	22.30	22.52	22.30	22.70
Oct	22.30	22.50	22.30	22.86

WHEAT 5,000 bu min; cents/60 lb-bushel

	Close	High	Low	Prev
Sept	275.8	282.6	275.4	283.0
Dec	285.6	292.2	285.4	292.2
March	292.2	299.4	292.0	299.0
May	289.8	295.2	289.0	295.0
July	270.2	275.8	270.0	276.0
Sept	274.0	274.0	274.0	279.0

SPOT PRICES—Chicago loose lard 16.50 (same) cents per pound. New York tin 555.0-56.0 (559.0-65.0) cents per pound. Handy and Harman silver bullion 610.0 (609.0) cents per troy ounce.

RUBBER

PHYSICALS — London closing prices (buyers) for RSS No 1: spot 62.50p (62.00p): October 59.00p (57.75p): November 59.00p (57.75p).

Kuala Lumpur fob price for RSS No 1 182.25 cents a kg. (180.0c), for SMR 20 145.5c (144.5c).

POTATOES

Fine weather over weekend, and a good forecast for the coming week, weakened prices. Support was encountered on April around £79.00, and prices recovered to close about steady in mid-range. Trade was brisk despite the limited trading range, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov	57.50	58.90	58.10-57.50
Feb	66.50	68.10	—
Apr	79.90	81.40	80.40-79.10
May	86.20	86.80	85.90-86.00

Sales: 537 (485) lots of 40 tonnes.

SOYABEAN MEAL

The market opened 50p down in thin conditions, reports T. G. Roddick. Prices steadied on weaker sterling in mixed trade.

	Yesterday close	+ or —	Business Done
	£ per tonne		
October	122.5-123.5	+0.25	—
Dec.	123.7-124.8	−0.25	124.0-123.6
Feb	127.5-129.0	+0.15	127.7
Apr	128.5-129.0	+0.35	128.0
June	128.5-129.5	+0.50	—
August	128.5-131.0	+0.75	—
October	129.0-135.5	+1.00	—

Sales: 627 (343) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $131.50 (£100.00), up $1.50 (up £3.00) a tonne for Sept-October delivery. White sugar $173.00, up $2.00.

Sentiment was encouraged by the firm pre-weekend close in New York and prices rose by $2, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Oct	138.6-139.0	136.4-137.0	142.4-137.6
Dec	142.0-142.8	138.4-140.0	142.4-140.0
Mar	150.0-150.2	147.2-147.6	150.0-147.0
May	155.0-155.8	151.8-151.4	155.4-151.4
Aug	157.5-158.0	155.4-156.4	—
Oct	163.0-164.2	160.0-161.4	164.4-165.8

Sales: 3,006 (1,976) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £203.00 (same) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for Sept 6: Daily price 4.99 (5.11); 15-day average 4.60 (4.55).

PARIS—(FFr per tonne): Oct 1600-1605, Dec 1560-1575, Mar 1580-1592, May 1610-1620, Aug 1655-1665, Oct 1715-1720.

OIL

Steep falls in the forward months of Brent and WTI concentrated activity in these grades. Nymex opened 12c down for October, and was trading 27c down by 1 pm EDT. In the petroleum products market gas oil fell sharply and naphtha was slightly down in thin trade. Other products were stable but had weak undertones—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Sept.		
Arab Light	27.15-27.25*	−0.05
Arab Heavy	26.10-26.25*	—
Dubai	26.65-26.75*	−0.05
Brent Blend	27.55-27.65	−0.125
O.T.I. (1pm est)	27.45-27.55*	−0.55
Forcados (Nigeria)	27.80-28.10	−0.05
Urals (cif NWE)	26.80-27.00	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	255-258	—
Gas Oil	244-246	−4
Heavy fuel oil	135-138	—
Naphtha	231-233	−1

* October.

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
Sept	246.00	−3.50	251.00-45.00
Oct	241.50	−5.00	244.50-41.25
Nov	237.75	−4.50	242.50-38.00
Dec	234.00	−4.00	237.50-33.00
Jan	233.00	−4.00	234.75-33.00
Feb	230.00	−3.00	230.00

Turnover: 3,182 (1,976) lots of 100 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales totalled 738 tonnes for the week ending Friday, September 6, compared with 434 tonnes in the previous week. Improved demand brought moderate purchases mainly in Colombian, Afghanistan-I, Israeli, Sudanese, Egyptian, West African, Russian, Spanish and Pakistani qualities.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar optimism continues

The dollar continued its recent advance on the foreign exchanges yesterday. Rising U.S. money supply, and economic data suggesting a possible recovery in growth, pushed the dollar to its highest level against the D-mark for two months. The latest figures on merchandise trade, auto sales and manufacturing employment have made forecasters upgrade their estimates of U.S. third quarter gross national product growth, after a disappointing first half year. A flash estimate of third quarter GNP is due on September 20, and is expected to be in the region of 3 per cent, compared with 2 per cent in the second quarter. There are no major statistics this week, until Friday when it is hoped that retail sales and industrial production figures will provide further evidence of a better economic performance. At the same time M1 money supply is well above the Federal Reserve's target range, and is expected to discourage the U.S. central bank from any reduction in interest rates.

The dollar rose to DM 2.9420 from DM 2.9290; FFr 8.9725 from FFr 8.9375; and SwFr 2.4225 from SwFr 2.4185, but was unchanged against a firm Japanese yen at Y243.50.

On Bank of England figures the dollar's index rose to 142.0 from 141.4.

The rand showed little reaction to President Reagan's announcement of economic measures aimed against the South African government. The commercial arand closed unchanged at 38½ U.S. cents, and the financial rand eased to 36.75 cents from 37.25 cents.

STERLING — Trading range against the dollar in 1985 is 1.4920 to 1.0525. August average 1.3838. Exchange rate index fell to 79.9 from 81.0. It opened at 80.9, the highest level of the day, and fell sharply to a low of 79.2 at 2 pm.

Sterling suffered more from the strength of the dollar than other major currencies, losing confidence on fears of lower oil prices. The pound fell to its lowest level since early July, shedding 2.05 cents to $1.3045-1.3055, but recovering from a low of $1.2940. Sterling also declined to DM 3.84 from DM 3.8825; FFr 11.70 from FFr 11.82; SwFr 3.1625 from SwFr 3.2075; and Y317.75 from Y323.50.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.7425. August average 2.7936. Exchange rate index 124.3 against 118.1 six months ago.

The D-mark continued to weaken against the dollar. The U.S. currency finished near the day's peak in Frankfurt at DM 2.9460, compared with DM 2.9340 on Friday. It eased back from a high point of DM 2.9540, showing nervousness about possible Bundesbank intervention above the DM 2.95 level. The German central bank did not intervene when the dollar rose to DM 2.9455 at the Frankfurt fixing, from DM 2.9105 before the weekend. After opening at DM 2.9335 the dollar fell to a low of DM 2.9180 on rumours of possible Bundesbank intervention, but there was no firm evidence of dollar sales by the authorities. Domestic bond prices suffered from the weakness of the D-mark, and money market rates are expected to remain steady, but as yet there is no pressure for an upward move. The Bundesbank set a securities repurchase agreement at an unchanged rate of 4.6 per cent yesterday, and Thursday's council meeting is not expected to tighten monetary policy.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu September 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.8320	44.9340	+0.23	+0.72	±1.5425
Danish Krone ...	8.12857	8.05824	−0.89	−0.40	±1.6421
German D-mark	2.23840	2.22507	−0.60	−0.11	±1.1456
French Franc ...	6.86402	6.78797	−1.11	−0.62	±1.3654
Dutch Guilder...	2.52208	2.50036	−0.86	−0.37	±1.5162
Irish Punt	0.724578	0.716180	−1.30	−0.81	±1.6673
Italian Lira	1520.60	1480.46	−2.64	−2.55	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

	Sept. 9	Prev. close
£ Spot	$1.3075-1.3085	$1.3275-1.3290
1 month	0.42-0.40pm	0.42-0.41 pm
3 months	1.14-1.10pm	1.14-1.12 pm
12 months	2.90-2.80pm	2.95-2.85 pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

Sept 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2940-1.3310	1.3045-1.3055	0.40-0.37c pm	3.54	1.09-1.04pm	3.26
Canada	1.7870-1.8260	1.7880-1.7914	0.43-0.34c pm	2.58	1.09-0.95pm	2.28
Nethlnd.	4.28¾-4.38	4.30¾-4.31½	2¼-2c pm	5.92	6¾-6pm	5.74
Belgium	77.07-78.80	77.55-77.65	20-13c pm	2.55	45-32pm	1.98
Denmark	13.88¾-14.10¼	13.89½-13.90½	3¾-2¼ore pm	2.59	9-7¾pm	2.43
Ireland	1.2215-1.2500	1.2361-1.2371	0.27-0.11p pm	1.84	0.75-0.40pm	1.86
W. Ger.	3.81¼-3.89¼	3.83¾-3.84½	2¾-2¼pf pm	7.08	7-6¾pm	7.10
Portugal	226¼-233½	227½-230½	60-400c dis	−12.05	400-1400d	−10.72
Spain	225-228¼	225½-226	10-65c dis	−1.73	45-60dis	−0.84
Italy	2,537½-2,587	2,554-2,556	2lire pm-3dis	−0.23	3-10dis	−1.02
Norway	11.18½-11.34	11.19½-11.21½	¼ore pm-½dis	−0.27	1¼-2¼dis	−0.78
France	11.68-11.88¾	11.69½-11.70½	2¾-1¾c pm	2.06	4½-2¾pm	1.24
Sweden	11.22¾-11.50	11.24-11.25	2¼-3¼ore dis	−0.27	8¼-9dis	−3.09
Japan	317¼-328	317¾-318¾	1½-1¼y pm	5.56	4½-4¼pm	5.35
Austria	26.94-27.38	26.94-27.01	15¼-13¾gro pm	6.45	43-38½pm	6.04
Switz.	3.15¾-3.21¼	3.15¾-3.16¾	2-1¾c pm	7.11	5½-5¼pm	7.04

Belgian rate is for convertible francs. Financial franc 78.10-25.
Six-month forward dollar 1.88-1.83c pm. 12-month 2.95-2.80c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Sept 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2940-1.3315	1.3045-1.3055	0.40-0.37c pm	3.54	1.09-1.04pm	3.26
Ireland†	1.0525-1.0860	1.0574-1.0594	0.20-0.10c pm	1.70	0.60-0.25pm	1.89
Canada	1.3705-1.3742	1.3711-1.3716	0.09-0.12c dis	−0.92	0.31-0.36dis	−0.98
Nethlnd.	3.2815-3.3185	3.3030-3.3040	0.65-0.62c pm	2.31	2.02-2.00pm	2.44
Belgium	59.05-59.65	59.40-59.50	5-7c dis	−1.21	20-23dis	−1.45
Denmark	10.57¾-10.69¾	10.66½-10.67¼	¼-¾ore dis	−0.56	par-½dis	−0.09
W. Ger.	2.9180-2.9540	2.9415-2.9425	0.90-0.85pf pm	3.57	2.78-2.73pm	3.74
Portugal	174-176	175-175½	100-350c dis	−15.41	490-1200d	−18.83
Spain	171.40-173.57	172.40-172.60	65-120c dis	−6.42	225-325dis	−6.36
Italy	1,942½-1,963½	1,957½-1,958½	5½-6½lire dis	−3.76	20-21dis	−4.20
Norway	8.50¾-8.60¾	8.58¼-8.58¾	2½-3ore dis	−3.86	8-8½dis	−3.86
France	8.91¼-9.00½	8.97-8.97½	1.02-1.17c dis	−1.46	4.25-4.55dis	−1.96
Sweden	8.58½-8.65	8.61½-8.62	4½-5ore dis	−6.60	13½-14dis	−6.39
Japan	242.40-243.85	243.45-243.55	0.38-0.35y pm	1.82	1.25-1.20pm	2.01
Austria	20.51½-20.74½	20.63-20.66	5¼-4¼gro pm	2.83	15½-13 pm	2.76
Switz.	2.4080-2.4380	2.4220-2.4230	0.76-0.70c pm	3.61	2.25-2.20pm	3.67

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 59.85-59.95.

OTHER CURRENCIES

Sept 9	£	$		£ Note Rates
Argentina Austl.	1.0432-1.0454	0.8000-0.8010	Austria	27.20-27.50
Australia Dollar	1.9490-1.9535	1.4955-1.4960	Belgium	79.00-79.80
Brazil Cruzeiro	9,428-9,481	7,230-7,265	Denmark	14.05-14.10
Finland Markka	8.0785-8.0976	6.2140-6.2160	France	11.68-11.80
Greek Drachma	183.36-187.33	137.85-140.74	Germany	3.84-3.88
Hongkong Dollar	10.2100-10.2160	7.8155-7.8175	Italy	2570-2610
Iran Rial	124.00*	95.00*	Japan	332-336
KuwaitDinar(KD)	0.3995-0.4005	0.30650-0.30680	Netherlands	4.31-4.35
LuxembourgFr.	77.55-77.65	59.40-59.60	Norway	11.28-11.40
Malaysia Ringgit	3.2700-3.2770	2.5040-2.5060	Portugal	224-240
NewZealand Dlr.	2.4420-2.4500	1.8755-1.8790	Spain	221-231
Saudi Arab Riyal	4.7630-4.7685	3.6515-3.6525	Sweden	11.35-11.46
Singapore Dollar	2.9960-3.0100	2.2940-2.2960	Switzerland	3.17-3.21
Sth African Rand	3.3545-3.3805	2.5705-2.5905	United States	1.30-1.32
U.A.E. Dirham	4.7900-4.8070	3.6720-3.6730	Yugoslavia	400-460

* Selling rate.

CURRENCY MOVEMENTS

Sept. 9	Bank of England Index	Morgan Guaranty Change %
Sterling	79.0	−10.4
U.S. dollar	142.0	+29.0
Canadian dollar	85.7	−7.5
Austrian schilling	114.5	+4.0
Belgian franc	90.2	−10.7
Danish Kroner	78.0	−5.0
Deutsche mark	124.3	+7.8
Swiss franc	145.8	+11.1
Guilder	115.0	+4.4
French franc	66.3	−14.3
Lira	44.1	−19.8
Yen	107.0	+13.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Sept. 9	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.773627	0.581419
U.S.$	7½	1.01113	0.753000
Canadian $	9.20	*	1.03572
Austria Sch.	4	N/A	15.6414
Belgian Fr	9½	60.1219	44.9340
Danish Kr	7	10.7711	8.05824
D mark	4	N/A	2.22507
Guilder	5	3.34633	2.50036
French Fr	9½	9.08804	6.78797
Lira	15½	N/A	1480.46
Yen	5	245.602	183.739
Norway Kr	8	8.85730	6.48457
Span'h Pta	—	174.626	130.071
Swedish K	10½	8.07964	6.51773
Swiss Fr	4	N/A	1.83660
Greek Dr'ch	20½	141.184	105.803
Irish Punt	13¼	N/A	0.710180

*C$/SDR rate for September 6: 1.38261.

EXCHANGE CROSS RATES

Sept. 9	Pound St'ling	U.S. Dollar	Deutschem'k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.305	3.840	317.8	11.70	3.163	4.310	2555.	1.790	77.60
U.S. Dollar	0.766	1.	2.942	243.5	8.975	2.423	3.304	1958.	1.371	59.45
Deutschemark	0.260	0.340	1.	82.70	3.047	0.824	1.122	665.4	0.466	20.21
Japanese Yen 1,000	3.147	4.107	12.08	1000.	36.82	9.953	13.56	8041.	5.632	244.2
French Franc 10	0.855	1.115	0.328	271.6	10.	2.703	3.684	2184.	1.530	66.32
Swiss Franc	0.316	0.413	1.214	100.0	3.700	1.	1.363	807.5	0.566	24.54
Dutch Guilder	0.232	0.303	0.891	73.72	2.715	0.734	1.	592.8	0.415	18.00
Italian Lira 1,000	0.391	0.511	1.503	124.4	4.570	1.238	1.687	1000.	0.700	30.37
Canadian Dollar	0.559	0.729	2.146	177.5	6.537	1.767	2.408	1428.	1.	43.36
Belgian Franc 100	1.289	1.682	4.948	409.5	15.08	4.076	5.554	3293.	2.306	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Sept. 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krona
Short-term	11¼-11⅜	7⅝-7¾	8¼-8⅝	5¾-6	2¾-3	4⅜-4½	9¼-9½	11-14	8¼-8¾	8¼-8¾	6¼-6¼	8¾-9¼
7 days' notice	11¼-11⅜	7⅝-7¾	8½-8¾	5¾-6	2½-2¾	4⅜-4½	9¼-9¾	12¾-14¼	8¾-9	8¾-9	6⅛-6¼	8¾-9¼
Month	11¾-11⅞	8⅛-8¼	8⅞-9⅛	5⅞-6	4⅛-4¼	4⅝-4¾	9⅝-9¾	12¾-13¼	9-9¼	8⅞-9⅛	6⅛-6¼	8⅞-9⅛
Three months	11¾-11⅞	8¼-8⅜	8⅞-9⅛	5⅞-6	4¼-4⅜	4⅝-4¾	10⅛-10¼	12⅝-13¼	9⅛-9⅜	9⅛-9⅜	6⅛-6¼	8⅞-9⅛
Six months	11⅝-11¾	8½-8⅝	9⅛-9⅜	5⅞-6	4¼-4⅜	4⅝-4¾	10⅝-10¾	13½-13⅞	9¾-10	9⅛-9⅜	6⅛-6¼	8¾-9¼
One year	11⅝-11¾	8⅞-9	9⅝-10⅛	5⅞-6	4⅜-4½	4⅝-4¾	11⅛-11⅜	13¾-14¼	10-10¼	9½-9⅞	6⅛-6⅜	9⅛-9⅜

Asian $ (closing rates in Singapore): Short-term 8-8¼ per cent; seven days 8-8⅛ per cent; one month 8⅛-8¼ per cent; three months 8⅜-8½ per cent; six months 8⁹⁄₁₆-8¹¹⁄₁₆ per cent; one year 8¹⁵⁄₁₆-9¹⁄₁₆ per cent. Long-term Eurodollars: two years 9¾-9⅞ per cent; three years 9⅞-10⅛ per cent; four years 10⅛-10½ per cent; five years 10½-10⅝ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

UK rates up slightly on weak pound

Interest rates were a little firmer in London yesterday as sterling fell sharply against a very strong dollar. Much of the rise was seen at the longer end however with short term rates so far little affected. The Bank of England offered an early round of assistance to meet the day's shortage which some dealers suggested served to underline the authorities wish to keep rates very much as they are. Over the last month or so there has been official resistance to market pressures for lower rates. Yesterday's actions tended to suggest a similar resistance to higher rates.

UK clearing banks base lending rate 11½ per cent since July 26

Three-month interbank money finished unchanged at 11⅝-11¾ per cent while the six month rate rose to 11⅝-11¾ per cent from 11½-11⅝ per cent. Three-month eligible bank bills were bid at 11⁷⁄₃₂-11¼ per cent from 11⁵⁄₃₂-11³⁄₁₆ per cent. Overnight interbank money opened at 11½-11¾ per cent and eased to 11 per cent before touching a high of 12¼ per cent. Rates finished at 11¾ per cent with funds still bid.

The Bank of England forecast a shortage of around £950m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £851m and Exchequer transactions a further £325m. In addition banks brought forward balances £65m below target. These were partly offset by a fall in the note circulation of £310m.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £479m and comprised purchases of £5m of eligible bank bills in band 1 (up to 14 days) at 11⅛ per cent and £36m in band 2 (15-33 days) at 11³⁄₁₆ per cent. In band 3 (34-63 days) it bought £101m of eligible bank bills at 11⅛ per cent and in band 4 (64-91 days) £337m of eligible bank bills at 11¹⁄₁₆ per cent. The forecast was later revised to a shortage of around £850m, before taking into account the early help and the Bank gave additional help in the morning of £179m.

This comprised purchases of £54m of eligible banks bills in band 2 at 11³⁄₁₆ per cent and in band 4 £4m of Treasury bills, £28m of local authority bills and £93m of eligible banks bills all at 11¹⁄₁₆ per cent. Once again the forecast was revised, this time to a shortage of around £800m and further help in the afternoon came to £89m and comprised purchases of £24m of eligible bank bills in band 2 at 11³⁄₁₆ per cent, £12m in band 3 at 11⅛ per cent and in band 4 £32m of Treasury bills and £21m of eligible bank bills all at 11¹⁄₁₆ per cent. Late assistance came to £10m, making a total of £757m.

MONEY RATES

Sept. 9	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	4.65-4.85	9⅛	1¼-1⅜	5¾-5⅞	6.28125	14¼-14⅛	10.0	11¼-11½
One Month	4.60-4.75	9⅝-9¾	4⅛-4⅜	5⅝-5¾	6.46875	13½-14	9⅛-9¼	9⅝-9⅞
Two Months	4.60-4.75	9⅝-9¾	—	—	—	—	—	9¾-10
Three Months	4.60-4.75	9¾-9⅞	4⅛-4¼	5⅝-5¾	6.54370	13¾-14¼	9¼-9½	9⅞-10¼
Six Months	4.65-4.80	9⅞-10	—	5⅝-5¾	—	—	9½-9¾	10-10¼
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	9⅛	—	—	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Sept. 9 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	11-12¼	11¼-11⅛	11⅛-11⅞	11-12	—	—	—	—	—
2 days notice	—	—	11⅜-11⅛	—	—	—	—	—	—	—
7 days or 7 days notice	—	11⅛-11	11⅛	11¾-11⅞	11⅛-11⅝	—	—	—	—	—
One month	11¹¹⁄₃₂-11⅜	11⅜-11⅞	11⅝	11⅞	11⅝	11⅛	11⅛	11⅛	11⅛	11⅛
Two months	11¹¹⁄₃₂-11⅜	11⅝-11⅞	11⅝	11⅞	11¼	11¼	11⅛	11⅛-11¼	11⅛-11¼	11⅝
Three months	11⅝-11⅝	11⅝-11⅝	11⅝	11¾	11	11⅛	11	11⅛-11¼	11⅛-11⅛	11⅝
Six months	11⅝ 11¾	11⅝ 11⅝	11⅞	—	—	—	—	10⅞	11⅛	11⅝
Nine months	11⅝ 11⅝	11⅝-11⅝	11⅝	—	—	—	—	—	—	—
One year	11⅛ 11	11⅝ 11⅝	11⅝	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12⅛-11⅞	—	11⅛	8.05-8.15	7¾-8	8⅜-8⅝
Two months	12-11¾	—	11⅛	8.05-8.15	7⅞-8⅛	8⅜-8⅝
Three months	11⅞-11⅝	—	11⅝	8.05-8.15	7⅞-8⅛	8⅜-8⅝
Six months	11⅞-11⅝	—	11⅞	8.3-8.4	8-8¼	8¾-8⅞
Nine months	11⅝-11⅝	—	11⅞	8.6-8.7	—	—
One year	11⅝-11¼	—	11⅞	8.75-8.85	8⅜-8⅝	8⅞-9
Two years	—	11⅛	—	—	—	—
Three years	—	11	—	—	—	—
Four years	—	11	—	—	—	—
Five years	—	11	—	—	—	—

ECGD Fixed Finance IV: Average rate of interest period August 7 to September 3 (inclusive): 11.574 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12 per cent from September 1, 1985. London and Scottish Clearing Bank Rates for lending 11½ per cent. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (net). Treasury Bills: Average tender rate of discount 11.0480 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11½ per cent; three-six months 11¼ per cent; six-nine months 11¼ per cent; nine-12 months 11 per cent. Under £100,000 10½ per cent from August 9. Deposits held under Series 5 11 per cent. The rate for all deposits withdrawn for cash 7½ per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9½
Broker loan rate	9⅞
Fed funds	7¹³⁄₁₆
Fed funds at intervention	—

Treasury Bills

One-month	6.84
Two-month	7.18
Three-month	7.45
Six-month	7.81
One-year	8.17

Treasury Bonds

Two-year	9.10
Three-year	9.47
Four-year	9.76
Five-year	9.96
Seven-year	10.22
10-year	10.44
30-year	10.69

FT LONDON INTERBANK FIXING

(11.00 a.m. Sept. 9)

3 months U.S. dollars	
bid 8 1/4	offer 8 3/8

6 months U.S. dollars	
bid 8 1/2	offer 8 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Gilts weak

Sterling-based prices were mostly weaker in the London International Financial Futures Exchange yesterday, reflecting a sharply weaker pound. Cash rates were not too badly affected at the shorter end with much of the uncertainty surrounding oil prices and money supply already written into the current rate structure. In addition the Bank of England moved quickly in an effort to control market feelings by providing short term liquidity to meet the market's needs.

Despite this, values were marked down as sterling dipped below $1.30 at one point. Three-month sterling for December delivery fell from an opening level of 89.02 to a low of 88.84 before finishing at 88.86, still down from Friday's close of 89.09. Gilt futures acted in much the same way, closing at 111-02 for December delivery down from an opening of 111-17 and Friday's close of 111-23.

Eurodollar prices opened a little weaker but attracted good two way business in the morning. U.S. Treasury bonds acted in a similar fashion with repeated attempts to push values lower met by fresh short covering.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	91.53	91.53	91.56	91.71
Dec	91.24	91.28	91.22	91.32
March	90.84	90.89	90.84	90.94
June	90.49	90.53	90.46	90.57
Sept	90.13	90.16	90.11	90.21
Dec	89.79	89.79	89.79	89.87

Est. volume 7,579 (8,317)
Previous day's open int. 16,176 (19,068)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
Sept	88.25	88.30	88.25	88.30
Dec	88.86	89.04	88.84	89.09
March	89.19	89.32	89.19	89.40
June	89.20	89.31	89.19	89.40
Sept	89.20	89.20	89.20	89.42
Dec	89.19	89.56	89.19	89.42

Est. volume 3,884 (3,096)
Previous day's open int. 6,436 (5,846)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Sept	111-09	111-14	111-02	111-21
Dec	111-02	111-17	111-00	111-23
March	111-18	—	—	112-07

Est. volume 4,556 (3,523)
Previous day's open int. 4,382 (3,864)
Basis quote (clean cash price of 13½% Treasury 2004-08 equivalent price of near futures contract) −0 to +2 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.3132	1.3306	1.3105	1.3335
Dec	1.2990	1.3182	1.2835	1.3215
March	1.2920	1.2920	1.2920	1.3140

Est. volume 496 (323)
Previous day's open int. 3,330 (3,275)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3403	0.3418	0.3403	0.3424
Dec	0.3438	0.3455	0.3420	0.3457

Est. volume 95 (711)
Previous day's open int. 428 (282)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.4120	0.4143	0.4143	0.4151
Dec	0.4176	0.4176	0.4159	0.4193

Est. volume 418 (43)
Previous day's open int. 128 (178)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4109	0.4112	0.4109	0.4119
Dec	0.4130	0.4130	0.4130	0.4140
March	0.4154	0.4154	0.4154	0.4163

Est. volume 2 (592)
Previous day's open int. 238 (185)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Sept	133.00	133.40	132.80	133.35
Dec	133.65	133.85	133.56	134.00

Est. volume 140 (140)
Previous day's open int. 1,582 (1,864)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	75-20	75-21	75-14	75-29
Dec	74-14	74-21	74-05	74-26
March	73-14	—	—	73-26

Est. volume 2,884 (5,701)
Previous day's open int. 2,034 (2,036)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	75-26	75-29	75-14	75-18
Dec	74-18	74-22	74-07	74-10
March	74-17	73-20	73-07	73-08
June	72-10	72-20	72-08	72-10
Sept	71-20	71-23	71-22	71-14
Dec	70-25	70-25	70-17	70-20
March	—	—	—	69-28
June	—	—	—	69-06
Sept	—	—	—	—
Dec	—	—	—	68-00
March	67-18	67-25	67-14	67-14

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	—	92.86	92.79	92.82
Dec	92.49	92.52	92.42	92.48
March	92.15	92.16	92.08	92.13
June	—	91.80	91.74	91.78
Sept	91.48	91.48	91.43	91.45
Dec	91.20	91.20	91.14	91.17
March	90.92	90.92	90.88	90.91
June	90.67	90.67	90.64	90.66

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	—	92.03	91.96	92.01
Dec	91.59	91.60	91.52	91.59
March	—	—	—	91.18
June	—	—	—	90.79

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

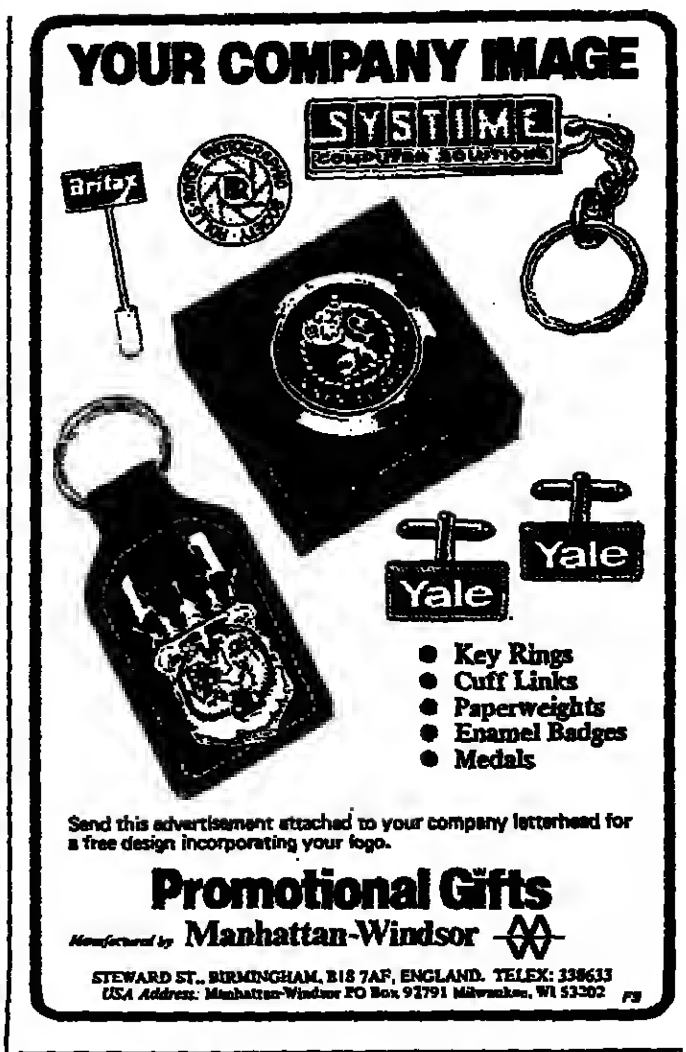
	Latest	High	Low	Prev
Sept	91.67	91.67	91.60	91.66
Dec	91.27	91.29	91.21	91.28
March	90.89	90.90	90.82	90.86
June	90.50	90.50	90.43	90.47
Sept	90.14	90.14	90.09	90.11
Dec	89.79	89.79	89.75	89.77
March	89.48	89.48	89.42	89.45
June	89.12	89.19	89.15	89.18

STERLING (IMM) $e per £

	Latest	High	Low	Prev
Sept	1.3080	1.3085	1.2945	1.3280
Dec	1.2970	1.2985	1.2835	1.3170
March	—	1.2900	1.2750	1.3080
June	1.2850	1.2850	1.2850	1.3045
Sept	—	—	—	1.2505

GNMA (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	75-17	75-17	75-08	75-11
Dec	—	74-28	74-13	74-18
March	73-31	73-31	73-25	73-25
June	73-09	73-09	73-00	73-03
Sept	72-13	72-15	72-13	72-17



LIFFE OPTIONS REPORT

Sterling Currency—£25,000 c per £
Sterling dropped sharply after trade weighted sterling index tumbled to unexpected low levels. Option volume good.

Est volume Calls	Est volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
190	1652	10709	10467

Eurodollar Futures—points of 100%
Modest volume with today's September delivery and nervous trading on the back of the underlying futures.

Est volume Calls	Est volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
70	22	1481	1221

For full details of settlement prices call:
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£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on September 9, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	9.0117
Algeria	Dinar	(A)6.54
Andorra	French Franc Spanish Peseta	11.70 220.70
Angola	Kwanza	41.8880
Antigua	E. Caribbean $	3.52
Argentina	Austral	1.0443
Australia	Australian $	1.9153
Austria	Schilling	26.9750‡
Azores	Portuguese Escudo	229.0
Bahamas	Ba. Dollar	1.3050
Bahrain	Dinar	0.4906
Balearic Isles	Spa Peseta	225.75
Bangladesh	Taka	38.00
Barbados	Barbados $	2.6247
Belgium	B. Franc	(cm) 77.60 (fn) 78.1750
Belize	B $	2.61
Benin	C.F.A. Franc	585.0
Bermuda	Bda $	1.3050
Bhutan	Ngultrum	16.00
Bolivia	Bolivian Peso	(o)97,875.0
Botswana	Pula	2.7630
Brazil	Cruzeiro‡	9,454.5
Brit. Virgin Isles	U.S. $	1.3050
Brunei	Brunei $	3.0040
Bulgaria	Lev	1.4145
Burkina Faso	C.F.A. Franc	585.0
Burma	Kyat	11.4514
Burundi	Burundi Franc	156.36
Cameroon	C.F.A. Franc	585.0
Canada	Canadian $	1.7897
Canary Islands	Spanish Peseta	225.75
Cape Verde Is	Cape V. Escudo	116.60
Cayman Islands	Cay. Is $	1.0895
Cent. Afr. Republic	C.F.A. Franc	585.0
Chad	C.F.A. Franc	585.0
Chile	Chilean Peso	226.57
China	Renminbi Yuan	3.9350
Columbia	Col. Peso	(F)197.90
Comoro Islands	C.F.A. Franc	585.0
Congo (Brazzaville)	C.F.A. Franc	585.0
Costa Rica	Colon	(U) 67.81
Cuba	Cuban Peso	1.2101
Cyprus	Cyprus £	0.7663
Czechoslovakia	Koruna	(com) 9.25 n/c 15.10 15.66
Denmark	Danish Kroner	13.90
Djibouti	Djibouti Franc	220.0
Dominica	E. Caribbean $	3.53
Dominican Repub.	Dominican Peso	(O) 1.3050 3.88
Ecuador	Sucre	(O) 87.64 (F) 145.45
Egypt	Egyptian £	1.0827 (14) 1.6176 (6)
El Salvador	Colon	(O) 3.27 (F) 6.28
Equatorial Guinea	Ekuele	585.0
Ethiopia	Ethiopian Birr	2.7100
Falkland Islands	Falkland Is £	1.0
Faroe Islands	Danish Kroner	13.90
Fiji Islands	Fiji $	1.4223
Finland	Markka	8.0680
France	French Franc	11.70
French C'ty in Af.	C.F.A. Franc	585.0
French Guiana	Local Franc	11.70
French Pacific Is.	C.F.P. Franc	205.0
Gabon	C.F.A. Franc	585.0
Gambia	Dalasi	6.00
Germany (East)	Ostmark	3.84
Germany (West)	Deutsche Mark	3.84
Ghana	Cedi	75.7246
Gibraltar	Gibraltar £	1.0
Greece	Drachma	185.34
Greenland	Danish Kroner	13.90
Grenada	E. Caribbean $	3.53
Guadaloupe	Local Franc	11.70
Guam	U.S. $	1.3050
Guatemala	Quetzal	1.3050
Guinea	Syli	31.49
Guinea-Bissau	Peso	192.36
Guyana	Guyanese $	6.46
Haiti	Gourde	6.53
Honduras	Lempira	2.62
Hong Kong	H.K. $	10.2145
Hungary	Forint	68.1680
Iceland	I. Krona	56.1010
India	Ind. Rupee	16.00
Indonesia	Rupiah	1,462.97
Iran	Rial	124.00(sg)
Iraq	Iraqi Dinar	0.4134
Irish Republic	Irish £	1.2366†
Israel	Shekel	1,9840
Italy	Lira	2,550
Ivory Coast	C.F.A. Franc	585.0
Jamaica	Jamaica Dollar	7.93(sg)
Japan	Yen	317.75†
Jordan	Jordanian Dinar	0.4940
Kampuchea	Riel	N/A
Kenya	Kenya Shilling	23.06
Kiribati	Australian $	1.9513
Korea (Nth)	Won	1.23
Korea (Sth)	Won	1,184.87
Kuwait	Kuwaiti Dinar	0.4000
Laos	New Kip	45.68
Lebanon	Lebanese £	24.11
Lesotho	Maluti	3.3675
Liberia	Liberian $	1.3050
Libya	Libyan Dinar	0.3864
Liechtenstein	Swiss Franc	3.1620
Luxembourg	Lux Franc	77.60†
Macao	Pataca	10.60
Madeira	Portuguese Escudo	229.0
Malagasy Republic	MG Franc	785.0
Malawi	Kwacha	2.3960
Malaysia	Ringgit	3.2736
Maldive Islands	Rufiyaa	9.14
Mali Republic	C.F.A. Franc	585.0
Malta	Maltese Lira	0.6130
Martinique	Local Franc	11.70
Mauritania	Ouguiya	100.37
Mauritius	M. Rupee	20.50
Mexico	Mexican Peso	(F)469.69 (C) 351.97
Miquelon	Local Franc	11.70
Monaco	French Franc	11.70
Mongolia	Tugrik	4.38
Montserrat	E. Caribbean $	3.53
Morocco	Dirham	13.70 (sg)
Mozambique	Metical	(A) 55.44
Namibia	S.A. Rand	3.3575
Nauru	Australian Dollar	1.9515
Nepal	Nepalese Rupee	20.88
Netherlands	Guilder	4.31
Netherland Antilles	Antillian Guilder	2.35
New Zealand	N.Z. Dollar	2.4460
Nicaragua	Cordoba	(o)36.53
Niger Republic	C.F.A. Franc	585.0
Nigeria	Naira	1.253145(sg)
Norway	Norwegian Krone	11.20
Oman Sul'ate of	Rial Omani	0.4690
Pakistan	Pakistan Rpee	21.00
Panama	Balboa	1.3050
Papua N. Guinea	Kina	1.3068
Paraguay	Guarani	313.08 742.26(7) 424.06(12)
Peru	Sol	exc(A)18,188.3
Philippines	Philippine Peso	23.80
Pitcairn Islands	£ Sterling New Zealand $	— 2.4460
Poland	Zloty	211.00
Portugal	PortugueseEscudo	229.00
Puerto Rico	U.S. $	1.3050
Qatar	Qatari Ryal	4.8355
Reunion Island	French Franc	11.70
Romania	Leu	(Cm) 6.85 (N/C) 16.36
Rwanda	Rwanda Franc	139.22
St. Christopher	E. Caribbean $	3.52
St. Helena	St. Helena £	1.0
St. Lucia	East Caribbean $	3.52
St. Pierre	Local Franc	11.70
St. Vincent	E. Caribbean $	3.52
Samoa American	U.S. $	1.3050
San Marino	Italian Lira	2,555
Sao Tome & Prin.	Dobra	67.60
Saudi Arabia	Saudi Ryal	4.7658
Senegal	C.F.A. Franc	585.00
Seychelles	S. Rupee	9.31
Sierra Leone	Leone	(O) 7.00
Singapore	Singapore $	3.0040
Solomon Islands	Solomon Is. $	2.0351
Somali Republic	Somali Shilling	47.76
South Africa	Rand	3.3575
Spain	Peseta	225.70
Spanish ports in North Africa	Peseta	225.75
Sri Lanka	S. L. Rupee	36.00
Sudan Republic	Sudan £ (u)	3.20
Surinam	S. Guilder	2.33
Swaziland	Lilangeni	3.3670
Sweden	S. Krona	11.2450
Switzerland	Swiss Franc	3.1625
Syria	Syrian £	(A) (T) 9.0 (CM) 5.12
Taiwan	New Taiwan $	52.72
Tanzania	Tan. Shilling	22.90
Thailand	Baht	36.00
Togo Republic	C.F.A. Franc	585.00
Tonga Islands	Pa'anga	1.9515
Trinidad	Trinidad & Tob $	3.04
Tunisia	Tunisian Dinar	1.06(sg)
Turkey	Turkish Lira	747.11
Turks & Caicos	U.S. $	1.3050
Tuvalu	Australian $	1.9013
Uganda	Uganda Shilling	276.0
United States	U.S. Dollar	1.3050
Uruguay	Uruguay Peso	136.10
Utd.Arab Emirates	U.A.E. Dirham	4.7958
U.S.S.R.	Rouble	1.1366
Vanuatu	Vatu	144.00
Vatican	Italian Lira	2,555
Venezuela	Bolivar	(4) 5.61 (5) 9.79 (6) 16.72
Vietnam	Dong	(O) 127.30
Virgin Island U.S.	U.S. Dollar	1.3050
Western Samoa	Samoan Tala	(A) 2.5884
Yemen (Nth)	Ryal	(A) 9.29
Yemen (Sth)	S. Yemen Dinar	0.4475
Yugoslavia	New Y Dinar	401.6707
Zaire Republic	Zaire	72.7650
Zambia	Kwacha	3.08
Zimbabwe	Zimbabwe $	2.5160

‡ Rate is the transfer market (controlled). ‡‡ Now one official rate. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (8) Rate for remittances of foreign currency by Egyptians working abroad. (9) Banknote rates. (10) Rate for exports. (12) Rate for imports. (13) Essential imports. (14) Nearly all business transactions. (15) Argentina: June 15, new currency introduced: 1 austral =1,000 old pesos.
† Corrections (September 2): Austria 27.51, Ireland 1.2568, Japan 328, Luxembourg 79.20 and Sweden 11.56.

BRITISH FUNDS

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HOTELS AND CATERERS

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INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
48	28	‡Malcolm Hldgs 10p	40	.....	—	—	—	♦
390	202	Man. Ship Can £1	372	+2	5.5	3.5	2.1	19.6
104	70	Marley	87xd	+5	3.75	2.2	6.2	10.5
107	52	Marling Ind. 10p	102	.....	ø1.5	3.1	2.1	13.0
74	36	Marshall L'xy. 'A'	74	.....	2.0	4.9	4.6	5.3
77	57	Marshall's Universal	65	+1	2.0	1.4	4.4	(20.6)
86	78	Do 7½pcCnRedPf £1	82	.....	7½%	—	13.1	—
For Martin-Black see Dean Park Hotels in Recent Equities								
£99	£81	‡Mathesons 7¾%	£99	.....	Q7¾%	2.3	7.9	—
35	24	‡Maxiprint 1p	24	−1	—	—	—	—
510	375	Metal Box £1	510	.....	17.25	3.1	4.8	7.7
170	110	Metal Closures	115	.....	6.7	2.0	8.6	6.9
17	3	‡Metal Sciences 2½p	7	.....	—	—	—	—
104	75	‡Midland Marts	85	−5	4.0	2.1	6.7	10.2
63½	55½	Mitchell Cotts	59½	+1	†4.0	1.5	9.8	8.4
230	182	Morgan Crucible	201	+3	8.0	1.6	3.7	14.0
32½	22	‡Morris (W) F.A. 20p	28	.....	g0.5	♦	2.6	♦
116	91	Moss (Robt.) 10p	116	.....	3.0	1.3	3.7	12.8
81	66½	Myson Grp 10p	66½	−1	g2.5	5.4	5.4	12.6
328	214	‡NMW Computers	265	.....	h4.8	2.7	2.6	20.4
48	28	Nash Inds	30	.....	‡2.5	1.5	‡	6.9
48	36	Neill & Spencer 10p	16	.....	♦	—	—	4.8
44	24½	Newman Inds 10p	33	.....	—	—	—	(15.6)
41	26	Nolton	38	+1	t1.17	4.5	4.4	7.3
189	146	Norcros	184	.....	8.6	2.2	6.7	9.2
67	49	Nu-Swift 5p	49	.....	3.0	1.6	8.7	9.4
111	60	Oakwood Grp	105	+3	†d4.5	1.4	6.1	(15.4)
250	190	Office & Elect	250	.....	7.5	2.4	4.3	13.7
108	75	Oldacre 20p	77	.....	4.0	2.6	7.4	6.8
58	37	‡Optometrics $0.01	52	−2	ad02c	—	3.0	—
495	312½	Oriflame £1	450	.....	23.4	1.8	5.2	10.7
18	10	Ovenstone 12½c	10	.....	g03.23c	1.9	9.6	5.3
£190	£158	Ozalid 9pc Cnv 87-92	£194	.....	Q9%	—	(4.8)	—
185	105	‡PCT Grp 10p	135	.....	3.2	2.2	3.0	16.3
£14	850	PLM 'B' Sk25	900	.....	Q21.6%	5.0	5.1	39.0
199	142	PSM Intl	164	.....	g5.25	2.3	4.6	11.2
170	135	‡Pacer Systems $0.01	158	.....	bg3.84c	—	2.0	—
68	50	‡Pacific Sales 10p	63	.....	3.0	♦	7.0	♦
204	165	Parker Knoll 'A'	186	−2	9.0	2.8	6.9	7.3
157	45	‡Parkfield Group 5p	152xd	+3	2.4	♦	2.3	♦
80	37	‡Pavior Intl	66	+1	—	—	—	—
£190	£101	Do 11pc CvLn '94-02	£147	−1	Q11%	—	(7.5)	—
378	287½	Pearson	330	−15	†8.5	1.0	3.7	11.6
29	10	Peek Holdings	23	.....	—	—	—	—
94	71	Peerless	82	−1	6.3	♦	11.5	♦
362	98	Pentland 10p	270xd	.....	h0.87	20.4	0.5	12.1
53	33	Pentos 10p	53	.....	†0.35	7.7	8.9	14.3
61	44	Phillips Patents	53xd	+1	‡1.25	♦	3.4	♦
£14½	£10½	Photo-Me 50p	£13⅞	.....	9.45	6.6	1.0	19.3
323	262	Pilkington Br. £1	267	+2	12.5	2.5	6.7	6.6
£315	£225	Pitney-Bowes Cnv. Ln	£243	.....	Q5½%	—	2.3	—
68	48	Plastic Const. 10p	55	.....	d2.67	1.4	6.9	(12.8)
12	6½	Platignum 5p	9	−½	—	—	—	—
172	128	‡Plaxton Ind	140	+5	2.8	♦	2.9	♦
14	7½	Polymark 10p	12½	+1½	—	—	—	—
54	38	Do. CmPfA £1	40	.....	10%	—	29.8	—
595	500	Portals	578	+5	†18.5	3.0	4.7	70.0
295	246	Powell Duff. 50p	288	.....	14.0	1.3	6.9	15.3
162	70	Prestwich	162	+4	t1.05	7.8	0.9	21.7
99	64	Pritchard Ser.	70	−1	3.8	1.9	7.8	(8.0)
40	30	‡Protimeter 5p	36	+4	t0.7	3.9	2.8	(13.0)
£10½	687	Quotron Systems $0.10	775	−19	—	—	—	—

LEISURE—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
202	170	Chrysalis	280	.....	5.6	2.6	4.0	13.0
52	7	‡Entertain Prod 5p	23	.....	b2.25	2.1	14.0	4.0
78	50	Fairline Boats 10p	74	.....	†2.63	2.6	5.1	10.5
326	228	First Leisure £1	325	.....	†6.5	2.8	2.9	15.1
68	51	GRA Group 5p	60	+3	—	—	—	80.1
32	25	Grampian TVA 10p	28	.....	h1.67	♦	0.5	♦
153	117	HTV Non/Vtg	153	.....	b7.0	2.9	6.5	6.9
148	95	Horizon	107xd	.....	‡4.4	3.6	5.9	4.0
184	98	Insight	138	−2	†2.5	6.5	2.6	8.5
140	102	Intasun 10p	140	+5	4.8	3.1	4.9	7.6
232	170	Juliana's Hldgs 2p	170	.....	2.0	1.0	1.1	28.0
300	217	LWT	293	.....	14.4	2.3	7.0	8.9
30	25	‡Leisure Inv 10p	29	.....	—	—	—	3.1
65	55	Leisuretime Int 10p	56	+5	†2.1	3.9	5.4	6.0
For Mogul Ag M see Chrysalis								
185	153	‡Media Tech Int 20p	185	.....	g2.58	3.9	2.0	18.1
205	124	‡Medminster 10p	200	−3	‡4.85	2.6	5.5	13.5
280	175	‡Mus World 10p	210xd	.....	3.6	4.1	2.4	14.3
127½	70	Nationwide Leisure	83	.....	5.75	2.5	6.5	7.3
39	15	‡Ninola Int 20c	23	.....	—	—	—	—
25	19½	‡Owners Abroad	25	+½	1.0	2.2	5.7	11.2
53	38	‡Photax (Lon.)	40	.....	—	—	—	—
24½	20	‡P'ddy Radio NV 5p	21½	.....	1.87	1.1	12.5	10.6
96	30	‡Pineapple Dnc St 10p	43	+3	d1.5	1.2	5.0	(23.1)
275	183	Pleasurama 5p	275xd	+7	†4.6	3.7	2.4	16.3
141	109	Do. 7pcCvCmRedPf	141	.....	7%	—	7.1	—
96	77½	‡Pres Entertain 50p	93	.....	N2.0	2.1	3.1	21.9
65	27	‡Radio City 'A' NV	27	.....	‡5.6	0.9	‡	5.4
55	42	‡Radio Clyde N/V	45	.....	3.25	2.0	10.3	6.6
63	34	Riley Leisure 10p	40	+2	0.7	—	1.3	—
193	143	Saga Hols. 20p	183	−2	†4.0	2.1	3.1	19.5
300	108	Samuelson Grp 20p	275	.....	1.8	♦	0.9	♦
42	25	‡Sangers Photo 10p	30	.....	2.0	1.9	9.5	7.8
202	138	‡Scanro 50p	167	.....	g3.68	2.6	3.1	16.2
156	128	Scott. TV 'A' 10p	150	−2	8.8	2.8	8.4	6.2
508	319	SeaCo Inc $0.125	347	+11	—	—	—	—
15	7	‡SelecTV 10p	9	.....	—	—	—	—
140	10	‡Spectrum 5p	13	.....	†g2.0	4.0	‡	1.4
32	23	TSW 5p	29½	.....	1.5	2.6	7.3	7.4
150	108	TVS N/Vtg 10p	150	.....	6.0	2.2	4.8	11.3
235	132	‡Television Svcs 50p	200	−2	t1.5	4.1	1.1	32.5
79	65	Tottenham Hotspur	78	.....	3.8	1.6	7.8	(17.0)
160	71½	‡21st Century Dist	77	+5	—	—	—	—
165	93	‡Tyne Tees TV 'A' £1	112	.....	‡10.5	2.3	‡	4.7
118	84	Ulster TV N/V 'A'	108	−2	4.75	3.0	6.5	7.6
125	67	‡Viewplan 5p	83	.....	a1.26	♦	2.2	♦
26	17	Webb (Jos.) 5p	19	−½	d0.5	0.6	5.0	(61.5)
26½	12	‡Williams (Rex) 5p	18½	.....	a0.91	—	7.0	—
115	93	Zetters 5p	108	.....	†3.25	3.0	4.5	11.1

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
45	32	BL 50p	32	.....	—	—	—	—
325	237	Gen. Mts. Units	237	.....	Q12c	—	3.6	—
118	68	Group Lotus 10p	102	.....	—	—	—	39.5
557	394	Honda Motor Y50	424	+22	Q24%	0.8	0.9	13.6
363	237	Jaguar	295	+7	g7.75	4.0	3.8	9.5
61	36	‡Reliant Motor 10p	41	+1	—	—	—	—
£29½	£19¼	Volvo Kr25	£21⅞	+1½	‡Q21.2%	1.1	2.1	14.5

Commercial Vehicles

MINES—Continued

Miscellaneous

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
350	117	‡Centennial Min'ls.	190	−5	—	—	—
120	60	‡Colby Res Corp.	65	.....	—	—	—
550	287	Cons. Murch. 10c	325	.....	†Q100c	1.4	9.2
40	29	‡Ennex Int. Ir10p	26	.....	—	—	—
215	115	Hampton Areas 10p	140	.....	3.75	0.9	3.6
260	135	‡Highwood Res.	185	.....	—	—	—
£22½	£17½	Homestake Mining $1	£19⅛	+¼	Q20c	—	7.5
310	195	‡McFinley Red Lake	210	−5	—	—	—
335	195	‡Musto Explorations	285	−3	—	—	—
55	23	‡New Sabina Res C$1	40	−2	—	—	—
375	245	Northgate C$1	270	+10	—	—	—
685	533	RTZ	592	−1	20.0	2.7	4.8
£145½	£116½	Do. 9½pcLn '95-2000	£130½	.....	Q9½%	[illegible]	7.4
£14⅛	£10	‡Yora Exptn $1	£10½	+⅛	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¶ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv 20p	99	+3
Craig & Rose £1	700	.....
Finlay Pkg. 5p	65	.....
Higsons Brew	235	.....
Holt (Jos) 25p	720	.....
IoM Stm. £1	98	.....
IRISH		
Fund 11¼% 1988	£101⅛	.....
Nat. 9¾% 84/89	£97¼	.....
Fin. 13% 97/02	£108⅝xd	+¼

Stock	Price	+ or −
Arnott	190	.....
CPI Hldgs	61xd	.....
Carroll Inds.	143	.....
Dublin Gas	73	.....
Hall (R. & H.)	60	.....
Helton Hldgs.	25	+2
Irish Ropes	48	.....
Jacob (W.& R.)	80½	.....
Unidare	186	.....

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Slide in sterling prompts further setback in Gilts but international stocks firm

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 29	Aug 8	Aug 9	Aug 19
Aug 12	Aug 29	Aug 30	Sept 9
Sept 2	Sept 12	Sept 13	Sept 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

The two main investment areas of London stock markets put on contrasting performances yesterday. Government securities came under renewed selling pressure in the wake of the continued slide in sterling, but leading equities, particularly the international stocks, made fresh headway.

With the prospect of a further reduction in short-term interest rates growing even slimmer, Government securities began to look distinctly unsettled. Offerings were not heavy, but sellers remained in the ascendancy throughout the session. As a result, short-dated stocks displayed losses ranging to ⅛, while falls in the longer maturities extended to ¾. Underlying sentiment was also affected by nervousness awaiting today's announcement of the money supply statistics.

The overall trend in the leaders was again distorted to a speculative activity, not least in certain extent by continuing Distillers, which closed 13 higher at 405p, after having touched 420p at one stage. In contrast, Lucas, strong recently on U.S. takeover hopes and the company's pension proposals, met profit-taking and fell 15 to 370p.

Most blue chips opened on a slightly firmer note before easing back on the lack of follow through support. However, international stocks began to revive as sterling took a distinct turn for the worse against the U.S. dollar. Final movements were mixed and the Financial Times Ordinary closed 0.3 down on the day at 1,020.5.

Conditions generally were relatively quiet and a number of the recent speculative favourites ran into profit-taking. *However, a fairly lengthy list* of trading statements kept dealers on their toes while gains in response to weekend newspaper comment were fairly numerous.

Willis Faber firm

Lloyds Brokers made the running in Insurances, helped [illegible] in by the dollar's strength and optimism ahead of the interim reporting season. Willis Faber, the first to report first-half figures today, advanced 12 to 725p. Sedgwick appreciated 7 at 410p and Steel Burrill hardened 5 at 425p.

Distillers continued to attract substantial business and touched 420p before settling 13 up on balance at 405p as speculators again dwelt on the likelihood of a bid from Argyll Group, 3 dearer at 310p. In contrast, interest in Breweries faded and quotations generally gave ground in relatively modest trading. Allied-Lyons shed 10 to 280p, still amid talk that the company may launch a bid for current protagonists Elders IXL, 12 up at 175p. Greene King met selling and dipped to 230p before closing a net 12 off at 232p. Matthew Brown gave up 8 to 445p following "switch" advice, while Vaux fell a like amount to 370p.

Buildings were content to mark time awaiting a number of important trading statements from sector leaders later this week. Costain Group due to report interim figures on Wednesday, hardened a couple of pence to 444p. Persimmon performed well and settled 7 up at a record 116p in response to better-than-expected interim results.

The latest decline in sterling encouraged widespread support for ICI which touched 699p before ending the day a net 8 better at 697p.

Woolworth dull

Leading Retailers gave ground in quiet trading, the better-than-expected August provisional Retail sales having little apparent effect on sentiment. Woolworth, interim figures expected tomorrow week, closed 12 off at 478p as a placing of around 6m shares was aborted. Second-line Stores were irregular. Body Shop spurted 50 to 820p in a narrow market following a Press mention, but Our Price, up to 630p initially, settled 10 off on balance at 615p after announcing preliminary results in line with expectations. Profit-taking clipped 15 from Dunhill at 360p, and 6 from Empire, 140p, but fresh enthusiasm was noted for Fine Art Developments, 9 up at 104p, Top Value, 6 better at 58p, and William Bedford, also 8 to the good at 178p; the last mentioned is due to reveal interim figures today.

Unsettled last week by the shock profit warnings from Memcom and CASE, high technology stocks in the Electrical sector continued lower in nervous trading. Acorn Computer reflected adverse comment at 73p, down 12, while falls of 10 and 15 respectively were seen in Apricot, 110p, and Synapse, 200p. Systems Designers fell 8 to 88p and Mnemos shed 3 at 20p. Atlantic Computer, on the other hand, improved 20 to 340p in response to comment ahead of tomorrow's results. Memec closed 12 dearer at 350p in reply to the interim figures. Security Centres jumped 14 to 143p following the increased offer from Automated Security.

Laird were outstanding in Engineerings, rising 19 to 188p, after 196p, in response to the better-than-expected 21 per cent interim profits increase. Westland rebounded 10 to 68p, after 70p, on reports that the company is back in the running for a £65m Indian helicopter contract. Wadkin, a depressed market last week following the poor interim results, rallied 16 to 106p and Birmingham Mint firmed 4 to 252p in reply to Press comment. Recent takeover favourite Porter Chadburn dropped to 205p following a newspaper's "take - profits" advice before rallying strongly to close a net 3 firmer on balance at 213p.

Cadbury Schweppes, a dull market late last week following disappointing first-half figures, rallied 6 to 142p. Other Food leaders were virtually ignored. Fresh support in a restricted market lifted Bernard Matthews 25 more to 465p; the interim results are expected next Tuesday.

Hotels featured Trusthouse Forte, 8 better at 147p, after 149p, reflecting bullish notices emanating from a broker's lunch.

Turner & Newall up

Miscellaneous industrial leaders were mixed. Continuing to reflect fears that a sizeable rights-issue could accompany tomorrow's interim figures, BTR gave up 5 to 345p. Reed International were initially supported up to 743p on Hanson Trust takeover hopes before reacting on profit-taking to close a net 8 cheaper at 732p; Hanson hardened 2 to 215p. Sterling's weakness helped Beecham improve a few pence to 343p and Glaxo harden to £13⅝. Unilever edged forward a fraction to £10⅝ following its $54 a share cash bid for Richardson-Vicks of the U.S. Elsewhere, Turner and Newall advanced 6 to 87p following comment ahead of Thursday's interim results, while Press mention also stimulated renewed interest in Marley, at 87p, up 5. U.S. bid hopes left Christies International up a further 6 at 272p, after 278p, while F. H. Tomkins rose 7 to 236p after comment on John Govett's stake. Speculative buying fuelled by talk of an imminent cash injection helped Aberfoyle rise 3 to 38p, after 40p, but comment on the disappointing interim figures clipped 15 from Pearson, to 330p, after 323p. Sale Tilney, at 248p, and Low and Bonar, at 308p, fell 9 and 12 respectively following the disappointing interim statements.

Currency considerations prompted revived support for Jaguar, 7 dearer at 295p; the interim results are scheduled for Thursday. Lucas, on the other hand, encountered profit-taking and slipped 15 to 370p, after 368p, but Automotive Products, *mid-term results due today*, closed 3 up at 80p.

A couple of firm counters emerged among advertising agencies. Saatchi and Saatchi, aided by publicity given to a broker's circular, put on 15 to 705p, while Lowe Howard-Spink, scheduled to announce interim results tomorrow week, advanced 20 to 275p. Elsewhere, occasional interest was noted for Waverley Cameron, 15 higher at 160p.

Regalian provided an isolated feature in Properties, rising 15 to 255p in response to a broker's recommendation. Stock Conversion added 5 at 550p and Edmond Holdings hardened a penny to 9½p, after 10p.

An early advance by Courtaulds to 155p reflected continuing U.S. takeover speculation, but the shares later succumbed to profit-taking and closed unchanged on the session at 151p. Elsewhere in Textiles, Stroud Riley Drummond jumped 7 to 59p in response to revived speculative demand. Pantherella, on the other hand, fell 15 to 125p on lack of support.

Financials traded in subdued fashion. Britannia Arrow hardened 5 to 107p, however, following revived speculative demand, while favourable Press comment lifted Robert Kitchen Taylor 14 to 202p, and Majedie 4 to 158p, after 160p.

Oils lose ground

Worries over the possibility of falls in international crude oil prices more than offset the benefits of a fresh decline in sterling against the dollar and the oil majors gave ground across the board. BP dipped 5 to 568p and Shell a similar amount to 720p; the latter's interim results are scheduled for Thursday. Burmah Oil edged up to 314p in early trading, boosted by Press suggestions of an imminent bid from the U.S., but subsequently eased back to close a fraction easier on balance at 308p. Profit-taking left Ultramar 8 down at 213p while Tricentrol fell 3 to 200p. Britoil were 4 off at 226p.

Invent Energy highlighted secondary oils and touched a record £15 prior to closing ½ up at £14½ ahead of the preliminary figures expected on September 20. Petranol, a firm market in recent days on takeover speculation, dropped 20 to 150p.

Golds easier

Concern over the imposition of limited economic sanctions by the U.S. against South Africa cast a shadow over South African gold and related issues. The U.S. developments and another firm showing by the dollar unsettled sentiment in bullion which dipped to around $317 during the morning before picking up to close little changed on balance at $320.5 an ounce.

Business in Gold shares remained at minimal levels with persistent small selling tending to lower prices in initial dealings. Thereafter, prices held steady and closed with minor falls across the board. The Gold Mines index eased 1.3 to 312.9.

The two big heavyweight Golds came under pressure early on but steadied up later in the day. Randfontein settled almost a point off at £56¼ while Vaal Reefs gave up ⅜ at £53¼.

South African Financials were quiet and generally a shade firmer where changed. Anglo American Corporation edged up 15 to 840p and "Amgold" put on ¼ to £53¼ while "Johannies" jumped £3 to £54. UK Financials suffered from lack of interest and RTZ closed a fraction easier at 592p.

Australians were a rather disappointing market given the good performance by the sector in overnight Sydney and Melborne markets. Of the leading diversified issues CRA were outstanding and moved up 6 to 288p and MIM rose 4 to 137p but the remaining top quality stocks showed little change. In Golds Central Norseman added 10 at 478p following the increased preliminary profits and dividend, while good results also boosted Gold Mines of Kalgoorlie a like amount to 600p.

Total contracts transacted in Traded Options amounted to 7,876. Once again, attention centred on Courtaulds which contributed 1,348 calls and 119 puts. Imperial Group were also lively with 600 calls and 145 puts struck.

FINANCIAL TIMES STOCK INDICES

	Sept. 9	Sept. 6	Sept. 5	Sept. 4	Sept. 3	Sept. 2	year ago
Government Secs.	82.89	83.25	83.60	83.60	83.39	83.37	79.00
Fixed Interest	88.25	88.40	88.46	88.44	88.39	88.37	82.82
Ordinary ♥	1020.5	1020.8	1005.3	1006.4	1007.8	1013.6	847.4
Gold Mines	312.9	314.2	309.5	289.2	291.2	291.7	312.2
Ord. Div. Yield	4.00	4.63	4.69	4.68	4.37	4.64	4.80
Earnings, Yld. %(full)	11.35	11.36	11.56	11.50	11.49	11.42	11.72
P/E Ratio (net) (*)	10.90	10.91	10.72	10.77	10.79	10.85	10.25
Total bargains (Est.)	22,306	22,581	22,956	22,163	23,682	31,878	15,440
Equity turnover £m.	—	464.99	475.30	382.11	392.73	355.80	176.02
Equity bargains	—	20,177	20,002	20,633	22,281	25,064	12,938
Shares traded (ml)	—	225.3	257.9	190.4	194.7	185.2	107.8

♥ 10 am 1024.8. 11 am 1022.3. Noon 1021.1. 1 pm 1020.6.
2 pm 1021.7. 3 pm 1020.8. 4 pm 1022.0.
Day's High 1025.5. Day's Low 1020.1.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
Latest Index 01-246 8026.
* Nil=10.50.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.87 (30/7)	78.02 (28/1)	127.4 (9/1/35)	49.12 (3/1/75)
Fixed Int.	88.81 (25/6)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/7)	911.0 (25/7)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	556.9 (15/4)	280.1 (28/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Sept. 6	Sept. 5
Daily		
Gilt Edged Bargains	121.4	116.3
Equities Bargains	130.7	129.3
Value	939.9	960.7
5 day Average		
Gilt Edged Bargains	126.4	123.7
Equities Bargains	140.0	147.4
Value	837.2	841.3

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (74)

BRITISH FUNDS (1)
Treas. 5pc 1986-89
AMERICANS (1)
Union Carbide
CANADIANS (1)
Toronto-Dominion Bk.
BANKS (1)
Cattle's
BREWERS (5)
Bass
Distillers
Bell (Arthur) 9½pc Cnv Uns Ln '99-01
Fuller Smith Turner
Morland
Devenish (J. A.)
BUILDINGS (3)
Crouch (D.)
Roberts Adlard
Persimmon
CHEMICALS (3)
Akzo
Ursct Chemicals
Allied
STORES (5)
Blanchards
Habitat-Mothercare
Fine Art Dvlpts.
Do. 9½pc Cnv. 1998-2001
Superdrug Stores
ELECTRICALS (2)
Newmark (Louis)
Norsk Data A
ENGINEERING (6)
BM
Delta Group
Birmingham Mint
Desoutter Bros.
Blackwood Hodge
Eobro
FOODS (2)
Matthews (B.)
Pyke Hldgs.
INDUSTRIALS (10)
AAH
Reed International
Fogarty
Scot. Heritable Trust
Hunter
Stat-Plus
MY Dart
Tomkins (F. H.)
Prestwich
United Parcels
INSURANCES (2)
Stewart Wrightson
Willis Faber
LEISURE (3)
Jetasun
Pleasurama
Owners Abroad
MOTORS (2)
Appleyard
Perry
PROPERTY (9)
Ewart H. Northern
Stock Conversion
Five Oaks Invs.
Walker (Alfred)
Marlborough
Warnford Inv.
Regian
Westminster Country
Regalian
TEXTILES (2)
Beales (J.)
Nottingham Mfg.
TRUSTS (13)
OILS (2)
Invent Energy
Strata Oil

NEW LOWS (18)

BRITISH FUNDS (1)
Treas. 9½pc 2002
BUILDINGS (2)
Allied Plant
Turriff
ELECTRICALS (1)
Acorn Computer
ENGINEERING (2)
Belgrave
Camseal Inc.
INDUSTRIALS (3)
Eblief
Myson
Fergebrook
MOTORS (1)
Solex A
PAPER (1)
Good Relations
PROPERTY (1)
Apex Props.
SOUTH AFRICANS (1)
Barlow Rand
TEXTILES (1)
Pantherella
OILS (2)
Cons. Intl. Petrol.
Jebsens Drilling
PLANTATIONS (1)
Assam-Dooars
MINES (1)
Allstate Exploration

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	102	2
Corpns Dom and Foreign Bonds	7	25	51
Industrials	320	239	918
Financial and Props	148	47	362
Oils	28	74	83
Plantations	8	4	8
Mines	45	38	99
Others	138	16	83
Totals	689	483	1,604

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
§59	F.P.	2/8	65	58	✱ATA Selection 0p	03	......	bg1.5	2.8	3.4	17.1
67	F.P.	6/9	88	69	✱Aberd'n Steak H. 5p	84	......	ug2.9	2.0	3.7	18.0
¶ ¶	F.P.	—	£20½	£10	Alex. & Alex. a. $1	£20½	......	—	—	—	—
§34	F.P.	20/9	41	33	Anglo Utd. Dev.	41	......	bd1.05	2.1	3.6	18.9
—	F.P.	—	7	8	Bardsey Pfd. Ord.	7	......	—	—	—	—
170	F.P.	22/8	203	125	Bradstock 5p	203	......	bg5.25	2.4	3.7	18.2
375	200	10/9	253	128	British Aerospace 50p	202	......	15.65	5.1	8.1	7.0
185	100	1/10	148	117	Britoil 10p	145	......	t13.0	[illegible]	8.1	6.6
‖ ‖	F.P.	—	145	140	Business Mort. Tst.	140	......	a1.51	[illegible]	1.5	24.0
§80	F.P.	27/9	01	77	✱CCA Galleries 10p	21	......	bg2.25	[illegible]	3.7	13.7
2‖	F.P.	30/8	100	90	✱CobraEmer'ldMines	90	......	—	—	—	—
§70	F.P.	20/9	75	69	Conrad Hldgs.	69	......	bg3.5	[illegible]	7.2	0.1
§115	F.P.	6/9	128	118	ControlTechniques10p	116	......	bg2.7	2.7	3.2	14.4
§31	F.P.	—	52	48	✱Dean Park Hotels	49	......	—	—	—	—
160	F.P.	26/7	130	95	First Security 10p	150	......	u3.5	[illegible]	3.8	12.8
fr.97	F.P.	26/7	77	66	Green Property Ir. 25p	68	......	12.57%	1.5	5.8	21.7
‖ ‖	F.P.	—	123	190	Greenwich Resources	100	......	—	—	—	—
§20	F.P.	27/9	26½	25	✱Israel (Jack L.) 4p	26½	......	60.3	[illegible]	2.7	22.3
§110	F.P.	6/9	112	98	✱Lewmar	105	......	u2.625	[illegible]	3.6	15.0
§50	F.P.	30/8	72	68	✱Lysander Pet. 5p	72	......	—	—	—	—
§44	F.P.	—	62	46	✱Micha'l(J)Design2½p	62	......	1.0	3.6	2.5	17.9
105	F.P.	4/9	107	87	✱Moss Advertising5p	95	......	bg2.45	3.0	3.7	13.0
§99	F.P.	2/8	146	102	✱Polypipe 10p	145	......	b2.9	2.7	2.8	18.2
150	F.P.	2/8	120	23	✱Sapphire Petm. 50p	03	......	—	—	—	—
§75	F.P.	—	104	74	✱Trilion 10p	87	......	bg1.1	4.2	1.8	18.1
110	F.P.	30/8	133	117	✱Yellowhammer 5p	132	......	bg1.6	1.4	1.7	28.5

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
87.305	£30	—	30⅞	30	Australia 2½% Ln. 2010	30½	−⅛
§91.445	£30	—	28½	28¼	Bank of Greece 10¾%Ln. 2010	28¼	−¼
§98.455	£25	27/11	26¾	25½	Brixton Est. 10¾% 1st. Mort. Deb. 2025	26½	......
¶¶	F.P.	27/9	111	100	Burton 8% Cnv. Uns. Ln. 2001	111	......
¶¶	F.P.	25/10	112	106	Guinness 5¼% Cnv. Uns. Ln. 1996/2001	111	−1
¶100	£10	—	13⅛	13⅛	Eastbourne Water 8¾% Red. Prf. 1990	13⅛	......
86.463	£30	24/1	31⅛	29¾	Intl. Bk. for Rec. & Dev. 2½% Ln. 2010	30⅛	−⅛
§99.855	F.P.	16/10	100⅞	99⅞	Keystone Invs. 11¼% Deb. 2010/13	100¼	+¼
‖	F.P.	16/10	103	100	Macallan-Glen. 6½ Cnv. Uns. Ln. 2005	103	......
90.705	F.P.	6/9	95⅛	90⅛	Malaysia 10¾% Ln. 2009	92½	+½
—	F.P.	—	100⅛	99⅛	Nationwide11¾% Bds. 11/8/86	99⅛	......
—	F.P.	—	100	99¾	Do. 11¼% Bds. 1/9/86	99¾	......
—	F.P.	—	100	100	Do. 11⅛% Bds. 15/9/86	100	......
¶¶	F.P.	—	100	23	REA 9% Cum. Pref.	100	......
‖	F.P.	—	103g	101p	Wintrust 5¾% Cnv. Cum. Pref.	103p	−1

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
00	F.P.	23/9	200	175	✱Applied Holographics 5p	190.5	......
180	F.P.	9/9	340	220	Bestwood 10p	340	......
47	Nil	—	12pm	8pm	Brit. Vending 10p	12pm	......
25	F.P.	17/9	22½	28	Brown (J.) A	20	+1
0	F.P.	11/9	8	2¼	Dares Est. 25p	8	+⅞
260	F.P.	13/9	347	305	Extel	347	......
360	F.P.	27/9	416	405	Forshaws Burtonwood	410	+5
62	Nil	—	63pm	40pm	Greenwich Resources	43pm	+3
185	100	28/10	130	99	Hanson Trust	128	+1
25	F.P.	24/9	38¼	28	Nolton	38½	+1
120	F.P.	30/8	150	123	Prestwich	130	+2
10	Nil	—	4½pm	2pm	RTD Group IR 1.75p	4½pm	+2
400	F.P.	20/9	568	453	Siebe	565	−2
425	F.P.	20/9	505	445	TACE 10p	460	−5
250	F.P.	23/9	300	285	✱Thermal Scientific	300	+5

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully paid. ‖‖ Introduction. ✱ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 9	Sept 20	Dec 5	Dec 16
Sept 23	Oct 4	Dec 19	Dec 30
Oct 7	Oct 18	Jan 2	Jan 13

For rate indications see end of Share Information Service

Call options were taken out in Nolton Estates, Brent Walker, Haoma Gold, Edmond, Premier Oil, Tricentrol, Cadbury Schweppes, Addison Page, Goodman Bros, Barker and Dobson, Riley Leisure, STC, Reliant Motor, Westland, Ifico, Harris Queensway, Albert Fisher and Courtaulds. No puts were reported, but a double was taken out in Tricentrol.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Mon Sept 9 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Fri Sept 6 Index No.	Thur Sept 5 Index No.	Wed Sept 4 Index No.	Index No.
1	CAPITAL GOODS (206)	522.12	−0.3	10.86	4.27	11.60	11.17	523.50	521.41	527.32	57.01
2	Building Materials (22)	549.91	—	11.95	4.82	10.40	13.04	549.68	553.62	557.55	458.11
3	Contracting, Construction (29)	833.29	−0.2	12.01	4.97	10.64	18.82	834.70	834.40	836.99	659.36
4	Electricals (14)	1446.81	+0.2	10.69	5.11	11.98	35.52	1444.01	1436.87	1460.97	1541.41
5	Electronics (38)	1348.41	−0.6	11.33	3.36	11.64	29.85	1348.74	1338.56	1369.73	1809.58
6	Mechanical Engineering (62)	301.27	+0.2	10.94	4.69	11.13	6.48	300.54	297.37	299.47	253.50
8	Metals and Metal Forming (7)	205.84	+0.2	12.73	7.73	9.75	4.13	205.53	206.40	208.04	188.16
9	Motors (16)	173.63	—	12.73	4.88	9.71	3.55	173.69	169.58	168.47	126.32
10	Other Industrial Materials (18)	926.38	−0.8	7.60	3.64	15.88	15.81	933.43	936.50	945.46	689.88
21	CONSUMER GROUP (176)	707.24	—	9.05	3.69	13.81	12.56	707.40	697.96	696.96	519.62
22	Brewers and Distillers (23)	728.97	−0.6	9.47	3.97	13.33	13.83	733.65	716.85	694.28	502.11
25	Food Manufacturing (21)	505.82	+0.5	11.75	4.82	10.97	13.12	503.35	500.49	507.72	4085.22
26	Food Retailing (14)	1629.93	—	5.97	2.56	22.62	18.66	1629.30	1610.85	1618.24	1238.56
27	Health and Household Products (9)	1102.18	+0.4	6.14	2.70	19.13	11.95	1098.14	1087.31	1088.62	899.76
29	Leisure (22)	696.38	+1.5	8.12	4.76	16.11	21.26	685.97	683.67	690.34	561.41
32	Newspapers, Publishing (12)	1904.80	−0.2	7.60	4.81	16.90	37.91	1908.13	1902.70	1895.07	1510.25
33	Packaging and Paper (14)	377.13	—	9.51	3.96	12.52	6.36	376.91	371.24	367.39	246.29
34	Stores (42)	695.18	−0.7	7.23	3.05	10.93	9.81	700.14	691.45	695.00	539.46
35	Textiles (16)	348.58	—	12.54	4.71	9.05	8.08	348.57	345.05	344.59	273.24
36	Tobaccos (3)	854.87	+0.4	17.26	5.03	6.56	18.71	851.72	828.88	827.89	698.03
41	OTHER GROUPS (101)	701.01	−0.1	9.06	4.06	14.28	14.29	701.64	697.30	701.94	465.39
42	Chemicals (19)	701.63	+0.8	13.98	5.40	9.46	25.04	696.35	685.66	686.26	613.85
44	Office Equipment (4)	202.01	—	7.91	4.36	15.88	3.64	202.01	202.13	200.29	144.08
45	Shipping and Transport (12)	1213.79	−0.4	7.88	4.43	15.75	26.88	1219.13	1206.57	1232.64	859.33
46	Miscellaneous (64)	866.14	—	7.33	3.72	16.67	14.48	866.02	864.55	867.85	650.17
48	Telephone Networks (2)	899.93	−0.5	8.26	3.61	16.15	14.38	904.34	899.93	908.75	0.0
49	INDUSTRIAL GROUP (483)	663.74	−0.1	9.48	3.93	13.32	12.83	664.39	658.28	660.70	513.06
51	Oils (17)	1201.73	−0.9	15.65	7.23	7.86	51.89	1212.36	1205.62	1202.00	1087.55
59	500 SHARE INDEX (500)	708.86	−0.2	10.30	4.37	12.20	15.96	710.30	704.11	706.14	561.21
61	FINANCIAL GROUP (115)	479.74	—	—	5.01	—	12.90	479.98	481.42	483.83	384.62
62	Banks (6)	473.93	−0.7	18.91	6.25	7.56	19.80	477.39	484.26	488.21	359.76
65	Insurance (Life) (9)	741.88	−0.5	—	4.40	—	15.74	745.27	747.73	753.28	527.21
66	Insurance (Composite) (7)	359.95	+0.1	—	5.47	—	8.53	359.43	357.21	358.73	272.89
67	Insurance (Brokers) (7)	1200.45	+1.4	6.95	3.46	19.25	21.02	1183.74	1167.38	1178.14	829.96
68	Merchant Banks (11)	234.56	−0.2	—	4.81	—	5.05	235.04	235.58	234.83	214.46
69	Property (50)	651.51	+0.2	5.73	3.70	23.46	10.88	650.38	651.21	652.75	601.99
70	Other Financial (25)	279.77	+0.6	10.20	5.93	12.07	9.62	278.06	279.32	279.19	247.11
71	Investment Trusts (106)	595.74	+0.4	—	3.57	—	11.27	593.65	590.23	592.57	515.33
81	Mining Finance (3)	259.36	+0.1	12.52	5.91	9.27	5.36	259.10	262.05	260.06	273.18
91	Overseas Traders (14)	601.49	+0.1	12.46	6.62	9.61	23.86	601.12	603.43	604.15	568.97
99	ALL-SHARE INDEX (738)	643.75	−0.1	—	4.47	—	14.88	644.69	640.56	642.56	516.22
		Index No.	Day's Change	Day's High	Day's Low	Sept 6	Sept 5	Sept 4	Sept 3	Aug 31	Year ago
	FT-SE 100 SHARE INDEX	1329.3	−2.9	1333.2	1329.2	1332.2	1322.0	1326.7	1335.5	1340.3	1091.6

FIXED INTEREST

	PRICE INDICES	Mon Sept 9	Day's change %	Fri Sept 6	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	119.31	−0.19	119.58	0.05	7.76
2	5-15 years	132.14	−0.47	132.76	—	9.34
3	Over 15 years	136.34	−0.59	137.15	—	9.73
4	Irredeemables	149.82	−0.61	150.75	—	8.90
5	All stocks	130.08	−0.39	130.61	0.02	8.91
0	Debentures & Loans	112.53	−0.09	112.62	—	7.33
7	Preference	80.58	+0.04	80.55	—	4.85
	BRITISH GOVERNMENT INDEX–LINKED STOCKS					
8	All stocks	110.92	−0.13	111.11	0.05	2.46

	AVERAGE GROSS REDEMPTION YIELDS		Mon Sept 9	Fri Sept 6	Year ago (approx.)
	British Government				
1	Low	5 years	10.07	10.08	11.29
2	Coupons	15 years	10.29	10.20	10.73
3		25 years	10.30	10.21	10.26
4	Medium	5 years	10.92	10.81	11.97
5	Coupons	15 years	10.65	10.58	10.49
0		25 years	10.27	10.21	10.50
7	High	5 years	10.99	10.88	12.00
8	Coupons	15 years	10.79	10.73	11.33
9		25 years	10.42	10.36	10.600
10	Irredeemables†		9.88	9.81	10.21
11	Debs &	5 years	11.54	11.53	12.53
12	Loans	15 years	11.41	11.40	12.34
13		25 years	11.28	11.26	12.15
14	Preference†		12.17	12.18	13.18
15	Inflation rate	5%	3.60	3.59	3.82
16		10%	3.41	3.40	3.64

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Body Shop Intl	820	+50
Bowater Indu	360	+ 2
Courtaulds	151	—
Distillers	405	+13
Glaxo	£13⅝	—
Greene King	232	−12
ICI	697	+ 6
Laird	188	+18
Low and Bonar	308	−12
Lucas Inds	370	−15
Pearson	330	−15
Reed International	732	− 3

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
ICI	18	689	+12
CASE	17	127	+ 2
Grand Met	16	343	+11
Reed Intl	16	735	+20
Lucas Inds	15	385	+20
Saatchi	14	690	+15
Brit Aero†	13	202	+12
Britoil†	13	145	+ 4
Courtaulds	12	151	+ 2
Greene King	12	244	+ 4
Jaguar	12	288	+ 2
Std Chartered	12	422	−12

† Partly-paid

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$320	63	14.50	12	23.50	—	—	$320
GOLD C	$340	66	5.70	5	14.80	—	—	"
GOLD P	$300	600	3	5	6.50	—	—	"
		Sept.		Dec.		March		
$/FL C	Fl.305	—	—	50	26.10	50	26.50	Fl.330.70
$/FL C	Fl.313	24	13.50	80	18	1	12.30	"
$/FL C	Fl.320	188	10.50	35	13.80	10	17.10	"
$/FL C	Fl.325	133	5	57	11.70	—	—	"
$/FL C	Fl.330	257	3.50	98	6.20	—	—	"
$/FL C	Fl.335	505	1.70	34	7.40	15	10.50	"
$/FL C	Fl.340	603	0.70	57	5.20	10	7.80	"
$/FL C	Fl.345	—	—	87	4.10	—	—	"
$/FL C	Fl.350	25	0.20	18	3.30 A	25	5	"
$/FL P	Fl.310	—	—	46	3.00 B	—	—	"
$/FL P	Fl.315	2	0.50	135	4.60	32	8.50	"
$/FL P	Fl.320	175	0.70	110	7	2	10.80	"
$/FL P	Fl.325	314	1.50	39	2.30	—	—	"
$/FL P	Fl.330	142	3.50	55	11.80	—	—	"
$/FL P	Fl.335	18	5.20 B	—	—	—	—	"
$/FL P	Fl.340	10	10.80 B	11	17 B	—	—	"
$/FL P	Fl.350	3	12.50	11	24 B	—	—	"
$/DM C	DM.290	30	3	—	—	10	11.50	DM284.45
$/DM C	DM.390	—	—	6	5.70	20	7.70	"
$/DM P	DM.270	300	0.10	—	—	—	—	"
$/DM P	DM.225	50	3.50	—	—	—	—	"
$/DM P	DM300	00	7.20	—	—	—	—	"
£/$ C	$115	20	16	—	—	—	—	$130.40
£/$ P	$130	28	1.00	—	—	—	—	"
£/$ P	$140	62	2.50	1	12.50	—	—	"
		Oct.		Jan.		Apr.		
ABN C	Fl.500	30	12.70	2	25 A	2	34.00	Fl.506
ABN P	Fl.500	21	4.70	18	8	—	—	"
AEGN C	Fl.100	177	1.90	131	6.30	00	7.20	Fl.98
AEGN P	Fl.95	89	1.10 A	20	2.50	—	—	"
AH C	Fl.240	62	8	—	—	—	—	Fl.243
AH P	Fl.240	27	8.90	3	3.80	—	—	"
AKZO C	Fl.120	1052	2	211	11.40	59	13.50	Fl.123.50
AKZO P	Fl.130	152	4.50	223	6.80	87	7.50 B	"
AMRO C	Fl.85	149	3.50	9	8.80	—	—	Fl.87.30
AMRO P	Fl.85	8	0.50	83	2.10	—	—	"
GIST C	Fl.200	76	20	8	125 A	12	30	Fl.210
GIST P	Fl.220	48	6	33	7.80	—	—	"
HEIN C	Fl.150	+22	5.70	50	8.50	12	12	Fl.153.4
HEIN P	Fl.150	87	2.10	5	3.50	65	4.50	"
HOOG C	Fl.70	257	0.40	89	1.80	40	3	Fl.62.80
HOOG P	Fl.60	111	0.50	e2	1.80	—	—	"
KLM C	Fl.65	215	0.90	200	8.90	17	4.20	Fl.61.20
KLM P	Fl.60	57	1.30	51	8.50	—	—	"
NEDL C	Fl.190	145	4.60	14	2.50	2	13.00	Fl.186
NEDL P	Fl.180	128	6.10	2	2	—	—	"
NATN C	Fl.80	4	0.50	33	1.80	18	3.50	Fl.74.80
NATN P	Fl.75	—	—	10	2.70	—	—	"
PHIL C	Fl.50	222	1.50	250	3	111	4.00	Fl.49.90
PHIL P	Fl.50	163	1.20	384	2.50	65	3	"
RD C	Fl.290	341	7	36	12	0	10.30	Fl.186.50
RD P	Fl.180	4	0.00	370	1.70	25	2.60	"
ROBE C	Fl.75	57	8.50	—	—	—	—	Fl.76.00
ROBE P	Fl.73	—	—	55	1	96	2.00	"
UNIL C	Fl.340	01	7	11	14	0	25	Fl.339
UNIL P	Fl.340	24	0	123	12	5	14	"

TOTAL VOLUME IN CONTRACTS: 32,232

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		CALLS Oct.	CALLS Jan.	CALLS Apr.	PUTS Oct.	PUTS Jan.	PUTS Apr.
B.P. (*568)	460	113	—	—	1	—	—
	500	73	92	100	6	3	10
	550	37	52	60	10	16	24
	600	7	22	32	38	42	47
Cons. Gold (*412)	380	35	47	62	14	20	27
	420	17	35	40	31	40	47
	460	4	12	32	63	64	71
	500	3	10	16	102	102	100
Courtaulds (*151)	120	34	36	38	1	2	3
	130	24	27	22	2	3	3
	140	15	18	22	2½	6	8
	130	3	0	12	12	14	15
Com. Union (*226)	180	49	—	—	2	—	—
	200	62	30	39	3	4	7
	220	13	10	25	10	13	17
	240	3	10	13	21	23	66
G.E.C. (*170)	150	13	24	30	3	5½	2
	180	3	12	18	12	13	20
	200	1½	0	10	32	32	34
Grand Met. (*343)	280	68	78	63	1½	3	6
	300	50	60	55	3	5	2
	330	85	33	38	2	13	16
I.C.I. (*697)	660	60	80	87	3	13	80
	700	20	45	52	22	30	40
	750	7	20	—	07	64	—
Land Sec. (*294)	280	22	28	33	3	5	2
	300	7	16	22	8	15	15
	330	2	3	10	37	37	38
Marks & Sp. (*152)	120	35	—	—	1	—	—
	130	25	30	33	1½	3	4
	140	15½	21	24	2	6	7
	160	3	7	10	18	13	17
Shell Trans. (*720)	650	76	88	100	4	8	17
	700	35	00	56	15	50	30
	750	2	22	32	47	55	68
	800	2	—	—	95	—	—
Traf'gar Hse (*378)	323	62	—	—	2	—	—
	330	—	62	—	—	4	—
	353	33	—	—	3	—	—
	350	—	35	45	—	11	13
	383	14	—	—	14	—	—
	380	—	17	25	—	24	27

Option		CALLS Nov.	CALLS Feb.	CALLS May	PUTS Nov.	PUTS Feb.	PUTS May
BAT Inds. (*330)	300	37	47	53	3	8	12
	330	14	22	30	15	25	98
	330	5	—	—	38	—	—
	390	1	—	—	65	—	—
Barclays (*369)	335	47	—	—	2	—	—
	360	—	35	47	—	13	20
	385	15	—	—	95	—	—
	390	—	22	32	—	37	42
	480	—	2	—	—	37	—
Brit. Aero (*379)	300	80	22	—	1	3	—
	330	52	63	70	3	10	15
	360	32	40	52	2	20	25
	390	20	28	37	22	35	35
	420	6	14	—	47	00	—
BritTelecom (*199)	170	35	—	—	1	—	—
	180	23	31	37	2½	4	7
	200	12	12	25	2	14	13
	220	3	8	11	22	24	29
Imperial Gr. (*187)	100	00	57	42	2	5	8
	150	15	23	28	8	2	13
	200	3½	14	15	13	20	22
	220	1½	—	—	35	—	—
LASMO (*271)	240	37	33	—	4	6	—
	250	25	38	43	0	20	23
	260	13	27	32	90	30	50
	293	7	—	—	52	—	—
	006	—	10	22	—	42	45
	323	2½	—	—	50	—	—
	353	2	—	—	—	—	—
Lonrho (*153)	140	18	23	26	3	4	0
	150	5½	12	13½	10	10	15
	130	2½	4½	—	29	50	—

Option		CALLS Nov.	CALLS Feb.	CALLS May	PUTS Nov.	PUTS Feb.	PUTS May
P. & O. (*408)	360	52	07	—	1	6	—
	390	67	42	46	7	13	20
	420	11	23	30	23	28	03
Racal (*136)	140	10	13	24	10	14	16
	160	6	10	16	26	26	30
	180	2	6	12	46	46	46
	200	1	3	—	66	66	—
R.T.Z. (*594)	500	105	110	—	4	9	—
	550	65	72	88	10	28	28
	600	02	46	06	25	42	47
Vaal Reefs (*$70)	70	6½	12	14½	7½	10	12
	30	5	7¾	2½	15	16½	16½
	80	3	4½	—	21½	23	—
	100	1½	2¼	—	31	31½	—
Ex10% 1989 (*£97)	94	3¼	3⅞	—	0⅛	0⅛	—
	96	1⅝	6⅛	—	0⅛	0⅜	—
	28	0⅛	1⅛	—	1⅛	0⅞	—
Tr 11¾% 1991 (*£103)	102	—	—	2⅛	—	—	0⅞
	104	—	—	1⅛	—	—	1⅜
	100	—	—	0⅜	—	—	3⅛
Tr. 11¾% 03/07 (*£110)	106	3⅛	4⅛	—	0⅛	0⅛	—
	108	2¼	3⅛	3⅛	0⅛	0⅞	1⅛
	110	1⅛	2⅛	2⅝	1⅛	2⅛	2⅛
	112	0⅞	1⅛	1⅛	2⅞	3⅛	3⅝

Option		CALLS Sept.	CALLS Dec.	CALLS Mar.	PUTS Sept.	PUTS Dec.	PUTS Mar.
BTR (*345)	300	60	33	70	1½	5	2
	385	36	45	—	2	12	—
	330	—	—	45	—	—	16
	300	10	27	—	17	28	—
	330	—	—	07	—	—	40
Beecham (*343)	300	48	33	56	2	5	2
	330	20	32	38	3	13	16
	360	3	13	18	22	30	33
Bass (*594)	500	190	110	120	2	2	10
	550	50	82	75	3	13	20
	500	10	35	42	20	34	46
De Beers (*$4.18)	460	5	16	33	55	55	75
	500	2	10	20	00	95	100
	550	1	4	15	140	140	150
GKN (*327)	200	50	33	40	1½	4	5
	220	14	18	25	5	10	13
	240	3	10	14	15	12	23
Glaxo (*1365)	1250	125	155	182	3	20	30
	1300	75	120	163	2	50	40
	1300	40	85	118	13	45	50
Hanson (*215)	182	36	—	—	1	—	—
	195	22	29	—	1½	11¼	—
	200	—	—	31	—	—	11
	813	3	15	—	11	13	—
Jaguar (*298)	260	37	45	00	3	5	11
	280	10	02	38	4	13	18
	300	7	20	—	14	23	—
Tesco (*263)	238	28	35	—	1½	5	—
	240	—	—	38	—	—	2
	256	13	22	—	5	12	—
	260	—	—	27	—	—	13
	280	1½	10	13	23	07	28
£/$ (*130.39cts)	130	1.30	5.80	5.00	1.05	0.80	7.90
	135	0.25	2.80	4.10	3.10	9.00	2.80
	140	0.10	1.50	2.90	10.50	12.00	15.20
	145	0.06	0.30	1.90	15.00	15.00	15.80
S/DM (*33.83 cts)	34	0.30	1.26	1.95	0.22	1.00	1.30
	35	0.10	0.82	1.45	1.05	1.50	1.80
	36	0.05	0.48	1.01	2.10	2.20	0.40
	37	0.06	0.30	0.90	3.00	3.05	5.13

Option		CALLS Sep	CALLS Oct	CALLS Nov	CALLS Dec	PUTS Sep.	PUTS Oct.	PUTS Nov	PUTS Dec
FT-SE Index (*1330)	1200	133	—	—	142	1	—	—	—
	1250	83	88	—	27	1½	3	—	5
	1275	—	07	—	—	—	—	—	13
	1300	56	45	02	60	7	0	20	—
	1025	13	27	37	—	15	13	03	27
	1350	6	13	29	30	32	27	45	52

September 2 Total Contracts 7,872 Calls 5,595 Puts 2,280
*Underlying security price.

WORLD STOCK MARKETS

AUSTRIA

Sept. 9	Price Sch%	+ or —
Creditanstalt	376	+1
Goesser	519	+9
Interunfall	162.5	
Laenderbank	657	-2
Perlmooser	527	+4
Steyr-Daimler	158	-6
Veitscher Mag	559	+1

BELGIUM/LUXEMBOURG

Sept. 9	Price Frs.	+ or —
B.B.L.	9,050	+10
Banq. Gen Lux	7,200	
Banq. Int. A. Lux	7,000	
Bekaert B	6,370	+70
Ciment CBR	2,670	+20
Cockerill	211	-5
Delhaize	8,190	+60
EBES	6,010	-20
Electrobel	9,070	-40
Fabrique Nat	1,998	+10
GB Inno BM	4,200	-20
GBL (Brux)	1,955	+5
Gevaert	4,050	-45
Hoboken	5,750	-50
Intercom	2,290	-5
Kredietbank	9,120	-20
Pan Hldgs.	12,100	
Petrofina	6,060	
Royale Belge	13,000	
Soc. Gen. Banq	3,590	
Soc. Gen. Belge	1,875	-10
Sofina	7,500	
Solvay	5,180	+70
Stanwick Intl.	1,300	
Tractionel	4,140	-20
UCB	6,240	-10
Wagon Lits	3,030	

DENMARK

Sept. 9	Price Kr %	+ or —
Andelsbanken	593	-1
Baltic Skand	555	-12
CopHandelsbank	293	-9
D. Sukkerfab	512	
Danske Bank	344	
De Danske Luft	1,425	
East Asiatic	252	+1
Forenede Brygg.	1,005	+5
Forenede Damp.	997	
GNT Hldg	540	+25
I.S.S.B.	575	-12
Jyske Bank	705	+12
Novo Ind's	1,375	
Privatbanken	308	
Provinsbanken	400	+1
Smidth (F.L.) B	268	-3
Sophus Berend	1,112	+10
Superfos	698	-1

FRANCE

Sept. 9	Price Frs.	+ or —
Emprunt 4½% 1973	1,594	-6
Emprunt 7% 1973	9,432	+8
Accor	372	+1
Air Liquide	595	+1
BIC	592	+2
Bongrain	1,656	+5
Bouygues	755	+5
BSN Gervais	2,290	+50
CIT-Alcatel	1,905	+40
Carrefour	2,260	+5
Club Mediter'n	509	+9
Cie Bancaire	648	-1
Cofimeg	390.9	+0.9
Damart	1,979	+30
Darty	1,432	+14
Dumez S.A.	835	+5
Eaux (Cie Gen)	650	+9
Elf-Aquitaine	201.1	+0.1
Essilor	2,300	+2
Gen. Occidentale	750	+4
Imetal	85.5	+2.4
Lafarge Coppee	501	-3
L'Oreal	2,420	+56
Legrand	2,156	-1
Maisons Phenix	150	+2
Matra S.A.	1,742	+82
Michelin B	1,312	+35
Midi (Cie)	3,070	-3
Moet-Hennessy	1,984	+20
Moulinex	77.2	+0.4
Nord Est	98.85	+1.75
Pernod Ricard	728	+5
Perrier	489	+5
Petroles Fra	231	-0.8
Peugeot S.A.	419	+5
Printempts Au	299.2	+3.2
Radiotech	306	-3
Redoute	1,513	-8
Roussel-Uclaf	1,501	-9
Sefimeg	353	+3
SkisRossignol	1,445	-19
Telemec Elect	2,650	+10
Thomson CSP	554	-4
Valeo	344.5	-3.5

GERMANY

Sept. 9	Price Dm.	+ or —
AEG-Telef	140.5	
Allianz Vers	1,498	
BASF	224.4	-0.2
Bayer	228	-0.3
Bayer-Hypo	380.5	+4.5
Bayer-Verein	389	+1
BHF-Bank	315	+1
BMW	506	+10
Brown Boveri	266	+2
Commerzbank	225	-1
Cont'l. Gummi	161	+3.5
Daimler-Benz	807	+2
Degussa	365	-5
D'sche Babcock	177	
Deutsche Bank	679.8	+2.8
Dresdner Bank	264	-3
GHH	193.5	+1
Hochtief	779	-8
Hoechst	210.8	-0.8
Hoesch Werke	124.0	-0.8
Holzmann (P)	498xd	-2
Horten	195.6	+0.5
Hussel	572.5	-2.5
Karstadt	352.5	-1
Kaufhof	295.0	+4.8
KHD	295.5	+1.5
Kloeckner	72	
Linde	583	+14
Lufthansa	282.5	+4.5
MAN	182	
Mannesmann	219.5	+2.9
Mercedes Hld	217.5	+9.5
Metallgesell	288	+2
Muenen Rueck	2,240	+30
Nixdorf	548.5	
Porsche	1,367.5	+17.5
Preussag	277.5	-2.5
Rhein West Elect	197.2	
Rosenthal	282	+7
Schering	487	+2
Siemens	560.5	+0.5
Thyssen	130.1	-0.2
Varta	245	+3
Veba	235.3	-0.7
V.E.W.	150	-0.5
Verein-West	339	+5
Volkswagen	340	+5.2

ITALY

Sept. 9	Price Lire	+ or —
Banco Com'le	23,800	
Bastogi-IRBS	271	
B.I-Invest	5,830	-170
Centrale	3,344	-1
Credito Varesino	4,150	+80
Fiat	4,250	-50
Finsider	—	—
Generali Assicur.	59,190	-520
Italcementi	47,210	+219
La Rinascente	909.5	+24.5
Montedison	2,920	-12
Olivetti	6,935	-65
Pirelli Co	5,900	-110
Pirelli Spa	3,560	+1
Saipem	6,124	-96
Snia BPD	3,600	-34
Toro Assic	19,300	-10
do Pref	14,590	-200

NETHERLANDS

Sept. 9	Price Fls	+ or —
ACF Holding	258.5	+1.5
AEGON	98	-0.8
Ahold	245	-1.8
AKZO	129.3	-0.7
ABN	506xr	-1.5
AMEV	997.5	-2.5
AMRO	87.3	-0.8
Bredero Cert	171.5	-1.5
Bos Kalis Westm	15.5	+0.6
Buehrmann-Tet	102.7	-0.3
Calland Hldgs	39.2	+0.4
Dordtsche Pet'm	181.3	-1.7
Elsevier-NDU	128.5	
Fokker	79.5	-1.7
Gist Brocades	218	-1
Heineken	153.4	+4.5
Hoogovens	62.8	
Int Mueller	65.2	-0.2
KLM	51.2	-0.5
Naarden	48.3	+0.2
Nat Ned Cert	74.8	-0.9
Ned Mid Bank	211	-2.7
Nedlloyd	186	-3
Oce Grinten	553	-0.5
Ommeren (Van)	27.3	-0.6
Pakhoed	55.5	-0.5
Philips	49.9	-0.5
Robeco	76.9	-0.1
Rodamco	135	
Rolinco	69.5	+0.2
Rorento	46.5	-0.9
Royal Dutch	196.5	-2.1
Unilever	339	-0.5
VMF Stork	244.5	+4.3
VNU	225.5	-2
Wessanen	179.5	
West Utr Bank	96	-0.8

NORWAY

Sept. 9	Price Kroner	+ or —
Bergens Bank	145	+1
Borregaard	425	+7.5
Christiania Bank	141	+0.5
DenNorske Cred	145	-0.5
Elkem	122	+2.5
Kosmos	215	
Kvaerner	160	
Norsk Data	285	+9
Norsk Hydro	107.5	+0.5
Storebrand	265	+2.5

SPAIN

Sept. 9	Price Pts%	+ or —
Bco Bilbao	346	-2
Bco Central	315	
Bco Exterior	202	
Bco Hispano	144	
Bco Popular	331	
Bco Santander	348	
Bco. Vizcaya	440	-4
Dragados	132.5	+1
Hidrola	76.5	+0.5
Iberduero	69	-0.5
Petroleos	159	+1.3
Telefonica	115	-0.2

SWEDEN

Sept. 9	Price Kronor	+ or —
AGA	134	+1
Alfa-Laval B	305	-1
ASEA (Free)	310	+10
Astra (Free)	435	
Atlas Copco	123	+9
Cardo (Free)	243	
Cellulosa	135	
Electrolux B	285	
Ericsson B	252	+11
Esselte	372	+5
Mo och Domsjo	177	+2
Pharmacia	158	+5
Saab Scania Free	415	
Sandvik	440	-5
Skandia	570	+2
Skan Enskilda	55	+0.5
SKF	228	-2
St Kopparbergs	156	+4
Sonesson	158	+2
Sven Handlesbn	180	
Swedish Match	196	-1
Volvo B (Free)	245	+5

SWITZERLAND

Sept. 9	Price Frs.	+ or —
Adia Intl	4,050	+125
Alusuisse	755	+20
Bank Leu	3,880	+12
Brown Boveri	1,770	+20
Ciba Geigy	3,390	+5
do. (Part Certs)	2,590	+12
Credit Suisse	3,010	+50
Elektrowatt	3,390	
Fischer (Geo.)	960	+20
Hoff-Roche PtCts	99,000	
Hoff-Roche 1/10	9,875	
Jacobs Suchard	6,550	+25
Jelmoli	2,750	+12
Landis & Gyr	2,130	+90
Nestle	7,425	+200
Oer-Buehrle	1,520	+40
Pirelli	380	+2
Sandoz (Br)	8,550	+25
Sandoz (PtCts)	1,460	+40
Schindler (PtCts)	925	+25
Sika	1,600	+10
Surveillance A	5,600	-50
Swissair	1,425	-15
Swiss Bank	472	+9
Swiss Reinsce	12,850	+50
Swiss Volksbk	1,895	+25
Union Bank	4,295	-5
Winterthur	4,625	+25
Zurich Ins	5,560	

AUSTRALIA

Sept. 9	Price Aust $	+ or —
ANZ Group	4.62	+0.12
Alliance Oil Dev	1.05	
Ampol Pet	2.15	
Ashton	1.15	-0.05
Aust. Cons. Ind	2.80	
Aust. Guarantee	2.8	
Aust. Nat. Inds	2.75	+0.15
APM	2.66	+0.05
Bell Group	9.0	+0.5
Bell Res	3.0	+0.2
Bond Corp Hldgs	1.82	+0.02
Boral	3.74	+0.05
Bougainville	1.5	+0.01
Brambles Inds	3.95	
Bridge Oil	2.68	+0.16
B.H. Prop	7.16	+0.08
CRA	5.62	+0.12
CSR	3.2	+0.15
CastlemaineTys	8.2	
Coles (G.J.)	4.42	+2.17
Comalco "A"	1.82	
Consolidated Pet	2.35	
Costain Aust	2.1	+0.1
Dunlop Olympic	2.52	+0.01
Elders IXL	3.35	+0.2
Energ Res	1.63	

AUSTRALIA (continued)

Sept. 9	Price Aust.$	+ or —
Gen. Prop. Trust	2.27	
Hardie (James)	5.84	+0.01
Hartogen Energy	2.25	-0.05
Herald W'y Times	4.55	+0.05
ICI Aust	2.06	-0.02
Jimberlana F.P.	2.29	
Kia Ora Gold	0.16	+0.01
Land Lease	6.64	-0.02
MIM	2.68	+0.1
Mayne Nickless	3.1	+0.05
Myer Emporium	2.57	+0.07
Nat. Aust. Bank	4.84	+0.06
News	5.80	
Nicholas Kiwi	2.0	
North Bkn Hill	2.56	+0.02
Oakbridge	1.22	
Pancontinental	2.08	-0.07
Pioneer Conc	1.97	+0.05
Poseidon	4.3	-0.15
Queensland Coal	2.68	
Reckitt & Colman	3.70	
Repco	1.45	+0.05
Santos	5.42	+0.04
Smith (Howard)	5.8	+0.08
Thos. Nationwide	2.23	-0.02
Tooth	5.66	
Vamgas	3.5	-0.05
Western Mining	3.85	+0.01
Westpac Bank	4.59	+0.14
Woodside Petrol	1.29	+0.02
Woolworths	3.31	+0.05
Wormald Intl	3.22	-0.04

HONG KONG

Sept. 9	Price H.K.$	+ or —
Bank East Asia	22.7	
Cheung Kong	17.7	-0.1
China Light	15.2	-0.5
Evergo	2.9	
Hang Seng Bank	43.25	-1
Henderson Land	2.12	-0.05
HK China Gas	9.5	-0.2
HK Electric	7.2	-0.1
HK Kowloon Wh	6.3	-0.2
HK Land	5.95	-0.15
HK Shanghai Bk	7.35	
HK Telephone	8.5	
Hutchison Wpa	25.9	-0.4
Intnl. City	0.88	-0.01
Jardine Math	11.7	-0.3
New World Dev	7.3	-0.1
Orient O'seas	1.99	
SHK Props	12.5	-0.1
Shell Elect	1.3	
Swire Pac A	24.4	-0.7
TV—B	5.1	-0.2
World Int. Hldgs	2.08	-0.05

JAPAN

Sept. 9	Price Yen	+ or —
Ajinomoto	1,180	-50
All Nippon Air	510	
Alps Electric	1,200	+30
Asahi Chem	784	-4
Asahi Glass	779	+10
Bank Tokyo	780	
Bridgestone	530	-1
Brother Inds	560	
Canon	920	+12
Casio Comp	1,600	+50
Daiei	690	+13
Dia-Ichi Kan. Bk	1,600	
Dia Nippon Ink	298	
Dai Nippon Ptg	1,004	+10
Daiwa House	805	-4
Daiwa Sec	895	
Eisai	1,290	+30
Fanuc	8,050	+150
Fuji Bank	1,600	+10
Fuji Film	1,950	+30
Fujisawa	871	-17
Fujitsu	970	+1
Furukawa Elect	825	
Green Cross	2,100	-10
Heiwa Real Est	770	-12
Hitachi	654	+3
Hitachi Credit	1,060	+10
Honda	1,340	+10
Indl. Bk. Japan	1,270	
Ishikawajima Hr	185	
Isuzu Motors	389	
Itoh (C)	435	-1
Ito. Yokado	2,780	-10
JAL	5,550	
Jusco	868	
Kajima	488	+5
Kao Soap	850	+4
Kawasaki Steel	147	
Kirin	717	+4
Kobe Steel	187	
Komatsu	550	+5
Konishiroku	583	+2
Kubota	352	
Kumagai	818	
Kyocera	5,550	+100
Marubeni	382	
Marui	1,440	+10
Mazda Motors	411	
Meiji Seika	545	
MEI	1,230	+30
M'bishi Bank	1,500	
M'bishi Chem	486	
M'bishi	680	+1
M'bishi Elect	339	+4
M'bishi Estate	926	-5

JAPAN (continued)

Sept. 9	Price Yen	+ or —
MHI	387	-3
Mitsui Bank	1,170	
Mitsui	415	-3
Mitsui Estate	912	
Mitsui Toatsu	243	
Nikko Sec	790	
Mitsukoshi	689	-5
Nippon Denso	1,290	+20
Nippon Elect	920	+20
Nippon Express	521	-3
Nippon Gakki	1,220	+20
Nippon Kogaku	910	
Nippon Kokan	147	-1
Nippon Oil	774	-6
Nippon Seiko	465	+3
Nippon Shimpan	576	-1
Nippon Steel	169	-1
Nippon Suisan	401	-6
Nippon Yusen	300	+1
Nissan Motor	630	
Nisshin Flour	480	-5
Nomura	1,180	-30
Olympus	910	+5
Onoda Cement	335	
Orient Finance	930	
Orient Leasing	2,560	+50
Pioneer	1,700	
Ricoh	826	+15
Sankyo	1,090	-60
Sanwa Bank	1,422	
Sanyo Elect	390	
Sapporo	627	-8
Sekisui Prefab	874	+3
Seven-Eleven	8,350	
Sharp	805	+19
Shimizu Constn	358	
Shionogi	760	
Shiseido	1,090	-20
Showa Denko	323	
Sony	3,890	+50
S'tomo Bank	1,750	-30
S'tomo Chem	253	
S'tomo Corp	720	
S'tomo Elect	705	+16
S'tomo Metal	152	
Taisei Corp	340	-5
Taisho Marine	564	
Taiyo Kobe Bank	750	
Takeda	875	-7
TDK	4,070	+140
Teijin	482	-1
Toa Nenryo	1,050	
Tokai Bank	2,000	
Tokio Marine	880	+5
Tokyo Elect Pwr	2,012	-20
Tokyo Gas	229	
Tokyu Corp	505	
Toppan Print	788	+2
Toray	519	
Toshiba Elect	332	+4
Toyo Seikan	1,300	+12
Toyota Motor	1,150	+20
UBE Inds	259	
Victor	1,390	+40
Yamaha	661	+1
Yamaichi Sec	785	
Yamazaki	796	-25
Yasuda Fire	557	-3

SINGAPORE

Sept. 9	Price $	+ or —
Boustead Hldgs	1.65	+0.01
Cold Storage	2.82	-0.01
DBS	4.94	-0.04
Genting	5.7	-0.05
Haw Par. Bros	2.05	-0.02
Hong Leong Fin	2.42	+0.05
Inchcape Bhd	2.18	
Keppel Shipyard	1.15	-0.01
Malay Banking	5.6	
Malay Utd. Ind	2.37	-0.05
Multi Purpose	0.86	
OCBC	8.1	-0.1
OUB	2.68	
Public Bank	1.41	
Sime Darby	1.76	+0.02
Singapore Press	6.5	
Straits Trdg	5.0xc	-0.02
Tat Lee Bk	2.38	-0.01
UOB	9.38	

SOUTH AFRICA

Sept. 9	Price Rand	+ or —
Abercom	1.65	
AE&CI	7.80	
Allied Tech	60	
Anglo Am Coal	68	+1
Anglo Am Corp	60.9	+0.5
Anglo Am Gold	188	
Barclays Bank	17.75	-0.50
Barlow Rand	10.90	-0.05
Buffels	78.5	
CNA Gallo	2.95	-0.05
Currie Finance	4.15	
De Beers	11.40	
Driefontein	49.25	
FS Geduld	52.75	-0.25
Gold Fields SA	33.5	
Highveld Steel	5.5	
Nedbank	10.4	-0.2
OK Bazaars	12.9	+0.1
Protea Hldgs	2.40	
Rembrandt	43	
Rust Plat	17.5	+0.1
Safren	12.25	
Sage Hldgs	2.5	
SA Brews	7.00	-0.9
Smith (CG)	25	
Tongaat Hulett	6.40	
Unisec	5.45	+0.5

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Prices at 2.30pm September 9

Sales	Stock	High	Low	Close	Chng
625	Abti Prce	$20⅝	20⅝	20⅝	
100	Acklands	$17½	17½	17½	+⅜
4339	Agnico E	$18	17⅞	18	-¼
4100	Agra Ind A	$8¾	8⅝	8¾	+⅛
3285	Alt Energy	$19½	19⅜	19⅜	-⅛
300	Alta Nat	$14½	14½	14½	+¼
2005	Algoma St	$20¼	20¼	20¼	-1
3200	Atco I f	$11	10⅞	10⅞	-¼
425	BP Canada	$33⅛	33⅛	33⅛	-⅛
10736	Bank BC	$5¼	5⅛	5⅛	-⅛
72537	Bank N S	$13½	13¼	13⅜	
58526	Barrick o	178	175	178	
100	Baton A f	$18⅛	18⅛	18⅛	+⅛
22302	Bonanza R	420	405	405	-15
475	Bralorne	440	440	440	
400	Bramalea	$17	17	17	
2686	BCFP	$9⅞	9⅞	9⅞	+⅛
23985	BC Res	229	225	229	+2
4615	BC Phone	$24¼	24⅛	24¼	+⅛
550	Brunswk	$14⅝	14⅝	14⅝	+¼
1690	Budd Can	$30	29	30	+1½
6550	CAE	$15⅞	15¾	15¾	+⅛
25	CCL A	$17½	17½	17½	+¼
1700	Cad Frv	$12⅛	12⅛	12⅛	
325	Campeau f	$27½	27½	27½	-⅛
272	C Nor West	$23⅞	23¼	23⅞	-⅛
1100	C Packrs	$34¼	34½	34¼	+¼
371	Can Trust	$42	42	42	+⅜
3900	C Tung	$14	13⅞	14	+¼
38323	CI Bk Com	$38⅝	38½	38⅝	-¼
52306	CTire A f	$9⅞	9⅝	9⅝	-⅛
600	C Util B	$17⅞	17⅞	17⅞	
1000	Cara	$16⅜	16½	16½	
251	Celanese	$9½	9½	9½	
200	Celan	175	9	$16⅝ 16⅝	
8300	Centrl Tr	$18½	15⅜	15½	
13700	Cineplex	$10¾	10⅝	10⅝	-⅛
1200	C Dstb A	$7⅞	7½	7⅞	+⅛
166700	CDistb B f	$7¼	7⅛	7¼	
2025	CTL Bank	$11⅞	11⅞	11⅞	-⅛
1259	Coseka R	315	315	315	-5
300	Conron A	$14½	14½	14½	-⅛
14200	Czar Res	235	225	235	-15
3438	Deon Dev	415	410	410	
820	Denison A p	$13	12¾	12¾	-⅛
2600	Denison B f	$12⅞	12⅞	12⅞	-⅛
290	Develcon	$5½	5½	5½	+⅛
1100	Dickon A f	$7¼	7⅛	7¼	
150	Dickon B	$7⅛	7⅛	7⅛	-⅛
10400	Dofasco	$25¾	25½	25¾	+⅛
62100	Donohue	$18	17¾	17	
1600	Du Pont A	$22½	22¼	22¼	-¼
420	Dylex A	$14	13⅞	13⅞	-⅛
1850	Elcthom X	$8⅛	8	8	-⅛
1600	Emco	$22	21¾	21¾	-¼
8900	Equity Svr	$7¼	7⅛	7¼	
1505	C Falcon C	$15⅞	15⅞	15¾	
4885	Ficnbrdge	$19⅞	19⅞	18⅞	+⅛
1605	Fed Ind A	$12⅝	12⅝	12⅝	-⅛
11500	F City Fin	$11¼	11½	11½	-¼
600	Gendis A	$31¾	31⅝	31¾	+¼
550	Geac Comp	$10¾	10⅝	10⅝	+⅛
260588	Geocrude	370	360	365	
300	Gibraltar	$8⅝	8¾	8⅝	+⅛
10400	Goldcorp f	$7⅛	7	7⅛	-⅛
4000	Grafs B	$13¾	13¾	13¾	
800	Gt Pacific	$34	34	34	
6701	H Group A	$8½	8½	8½	+¼
1000	Hawker	$20½	20½	20½	
55588	Hayes D	$12	11¼	11¾	-⅛
2350	Hees Intl	$22⅞	22⅞	22⅞	-⅛
5644	H Bay Co	$23	22⅞	23	+⅜
13122	Imasco	$26	25¾	26	-¼
5500	Indal	$18⅜	18¼	18¼	-¼
605	Inland Gas	$22⅜	22¼	22⅜	+⅛
3800	Intl Thom	$9⅞	9⅞	9⅞	-⅛
2525	Inter Pipe	$42¼	42	42	-¼
3500	Ipsco	$15	14½	14¾	+¼
2600	Jannock	$18⅜	18⅜	18⅜	
2084	Kerr Add	$14⅜	14⅜	14⅜	+⅛
6285	Labatt	$27¾	27⅝	27¾	-⅛
350	LOnt Cem	$14	14	14	
1800	Lacana	$12	11⅞	12	+⅛
133	Loblaw Co	$21¾	21¾	21¾	+⅛
15150	Lumonics	$18½	18⅜	18½	
500	MDS H A	$17⅞	17⅞	17⅞	+⅛
45610	Mclan H X	$13	12⅞	12⅞	-¼
247	Maritime f	$15¼	15¼	15¼	
6000	Merland E	375	375	375	
23150	Molson A f	$18⅛	18	18	-⅛
6500	Molson B	$18	17⅞	18	+¼
500	Nabisco L	$27¾	27¾	27¾	-¼
17744	Noranda	$16⅜	16⅜	16¼	+⅛
13224	Norcen	$16½	16⅜	16½	+¼
72755	Nva AltA f	$6¼	6	6	-⅛
17607	NuWst sp A	49	47½	48	+1½
100	Oakwood	$7½	7½	7½	
580	Oshawa A f	$32⅞	32	32	-¼
5550	Pac W Airln	$15	14¾	14¾	-⅛
450	Pamour	$8⅛	7¾	7¾	-¼
10200	PanCan P	$35	34¾	34¾	-¼
230	Pembina	$16⅞	16⅞	16⅞	
2878	Pine Point	$23½	23½	23½	
3800	Placer	$25¼	25⅛	25⅛	+⅛
20000	Provigo	$25¾	25¾	25¾	+⅜
530	Que Sturg a	495	495	495	+5
100	Rayrock f	$9⅛	9⅛	9⅛	-⅛
17492	Redpath	$14⅜	14⅛	14⅜	+⅛
370	Rogers A	$12	11⅞	11⅞	-⅜
1700	Roman	$13	12⅞	13	
27100	Sceptre	$5½	5⅜	5⅜	-⅛
4914	Sears Can	$9¼	9⅛	9⅛	-⅛
3235	Shell Can	$26⅛	25¾	25⅞	-⅜
10249	Sherritt	$8½	8⅜	8⅜	-⅛
1384	Southam	$14⅛	14	14	-⅛
1994	Spar Aero f	$28½	28¼	28¼	-¼
12220	Stelco A	$21⅜	21¼	21¼	+⅛
1000	Sulpetro	234	234	234	+8
1003	Steep R	275	275	275	
1000	Taro	$19⅛	19	19⅛	-⅜
7443	Teck B f	$15¼	15	15⅛	-⅛
2750	Tex Can	$32⅝	32⅝	32⅝	+¼
7700	Thom N A	$22⅝	22⅝	22⅝	
16806	Tor Dm Bk	$24⅜	24⅛	24¼	
14346	Torstar B f	$28⅝	28¼	28¼	-⅝
1325	Traders A f	$21½	21¼	21½	
1500	Trns Mt	$10⅝	10⅝	10⅝	-⅛
100	Trinity Res	380	380	380	-10
6712	TrnAlta UA	$25¾	25⅝	25¾	+⅛
9666	TrCan PL	$26¼	26	26¼	-⅛
1793	Trimac	395	385	385	-5
900	Trilon A	$21¾	21⅝	21⅝	+¼
300	Trizec A f	$26¾	26¾	26¾	-¼
36900	Turbo	60	57	57	-2
300	Unicorp A f	$8½	8½	8½	
220	Un Carbid	$13½	13½	13½	
8527	U Entprise	$12⅛	12	12	-⅛
500	U Keno	$8⅝	8⅝	8⅝	-⅛
2200	Versatl A f	455	450	450	
1200	Vestgron	$5	5	5	-¼
2100	Wardair	$22¾	21¾	21¾	-1
300	Weldwod	$17	17	17	
2100	Westmin	$14¼	14	14	-¼
100	Weston	$89	89	89	-½
6043	Woodwd A	$19⅛	19⅛	19⅛	
200	Yk Bear	$7½	7½	7½	

MONTREAL

Closing prices September 6

Sales	Stock	High	Low	Close	Chng
18436	Bank Mont	$31⅛	31	31⅛	
24585	BombrdA	$15¼	15¼	15¼	+¼
5305	BombrdrB	$14¾	14¾	14⅞	
2975	CB Pak	$21⅞	21⅝	21¾	-¼
13658	Cascades	$19⅛	19¾	19⅞	+⅛
22790	ConBath	$11⅞	16¾	16¾	-⅛
1874	DomTxtA	$11⅞	11⅞	11⅞	
11637	Gaz Metro	$11⅞	11⅞	11⅞	+⅛
21823	NatBk Cda	$22⅞	22⅞	22⅞	
9879	Power Corp	$18	17⅞	18	
18065	Royal Bank	$32⅛	32	32⅛	+⅛
1450	SteinbrgA	$25½	25½	25½	

Indices

NEW YORK—DOW JONES

	Sept 9	Sept 6	Sept 5	Sept 4	Sept 3	Sept 2	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,332.80*	1,335.69	1,325.83	1,320.72	1,322.18	closed	1359.54 (19/7)	1184.96 (4/1)	1359.54 (19/7/85)	41.22 (2/7/32)
Transport	679.54*	677.55	672.52	678.66	668.56	closed	702.6 (17/7)	553.03 (4/1)	702.69 (17/7/85)	12.32 (8/7/32)
Utilities	158.08*	158.16	158.37	158.66	158.85	closed	168.91 (12/7)	148.54 (4/1)	168.91 (12/7/85)	10.5 (28/4/42)
Trading vol		85.4m	84.4m	85.5m	81.2m	closed	—	—	—	—

	Aug 30	Aug 23	Aug 16	Year Ago (Approx)
Ind Div Yield %	4.61	4.66	4.65	4.72

STANDARD AND POORS

	Sept 9	Sept 6	Sept 5	Sept 4	Sept 3	Sept 2	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	208.5*	208.41	208.14	208.14	208.82	closed	215.83 (19/7)	128.24 (4/1)	215.83 (19/7/85)	3.62 (30/6/32)
Composite	188.51*	188.24	187.27	187.27	187.81	closed	195.65 (17/7)	163.68 (4/1)	195.65 (17/7/85)	4.40 (1/6/32)

	Aug 28	Aug 21	Aug 14	Year Ago (Approx)
Ind div yield %	3.72	3.72	3.75	3.91
Ind. P/E Ratio	11.68	11.8	11.75	11.43
Long Gov Bond Yield	10.30	10.39	10.83	12.64

N.Y.S.E. ALL COMMON

Sept 9	Sept 6	Sept 5	Sept 4	1985 High	1985 Low
108.21*	108.96	108.81	108.81	113.48 (17/7)	94.80 (4/1)

RISES AND FALLS

	Sept 9	Sept 5	Sept 4
Issues traded	1,958	1,982	2,007
Rises	853	852	576
Falls	610	783	881
Unchanged	498	527	550

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day
[illegible]	3,088,800	46¼	+5⅛
Coca Cola	2,164,900	68½	-¾
[illegible]	2,063,700	31¼	unch
Pac Gas El	1,855,800	19⅛	+⅛
[illegible]	1,626,200	1⅝	+⅜
U.S. Steel	858,500	28⅞	+⅛
Philips Pet	577,900	12	-⅛
IBM	557,900	128⅞	+¾
Am Express	541,900	42½	-½
ATT	748,300	21½	-⅛

Advances 833 Declines 768

TORONTO

	Sept 9	Sept 6	Sept 5	Sept 4	1985 High	1985 Low
Metals & Minls	2,055.7*	2,048.88	2,043.4	2,057.18	2188.7 (13/2)	1886.8 (4/1)
Composite	2,782.8*	2,781.88	2,788.3	2,784.85	2815.8 (30/8)	2348.5 (8/1)
MONTREAL Portfolio	135.73*	135.76	135.75	136.08	138.33 (19/7)	117.98 (4/1)

* Indicates pre-close figures

	Sept 9	Sept 6	Sept 5	Sept 4	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	954.8	943.4	938.5	934.5	956.5 (15/8)	715.3 (7/1)
Metals & Mins. (1/1/80)	529.5	523.8	524.6	521.2	583.8 (20/5)	362.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	99.53	99.31	99.47	99.75	105.73 (17/8)	65.21 (2/4)
BELGIUM						
Brussels SE (1/1/80)	435.90	2430.12	2418.72	2408.41	2408.41 (4/9)	2090.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	u	215.83	u	216.83	217.86 (6/8)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	223.2	222.6	223.1	223.1	233.1 (31/5)	180.9 (3/1)
Ind Tendance (28/12/84)	126.4	125.7	125.4	126.5	130.4 (31/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	511.85	510.8	502.83	497.32	502.82 (5/7)	392.39 (3/1)
Commerzbank (1/12/53)	1498.5	1488.7	1473.3	1460.0	1486.2 (5/7)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1550.83	1579.06	1596.68	1578.54	1711.51 (19/8)	1220.74 (2/1)
ITALY						
Banca Comm. Ital. (1972)	379.46	379.88	379.82	375.34	379.46 (29/8)	228.58 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12455.72	12453.35	12481.80	12529.47	13049.16 (8/7)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1003.30	1001.72	1002.7	1005.80	1055.91 (9/7)	916.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	221.5	221.7	221.1	221.3	223.0 (3/9)	185.8 (3/1)
ANP-CBS Indust (1970)	193.7	193.7	193.8	193.5	194.1 (3/9)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	352.45	347.68	351.88	352.69	360.15 (22/8)	288.16 (2/1)
SINGAPORE						
Straits Times (1966)	750.42	753.69	753.08	760.12	862.85 (7/3)	717.85 (15/7)
SOUTH AFRICA						
JSE Gold (28/9/78)	u	995.6	—	984.0	1140.8 (15/4)	836.1 (11/2)
JSE Indust (28/9/78)	u	934.2	—	948.1	1030.8 (17/7)	757.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	110.34	110.43	110.51	116.69	117.41 (4/7)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1417.58	1410.38	1396.24	1379.50	1486.98 (11/2)	1285.32 (9/7)
SWITZERLAND						
Swiss Bank Cpn. (31/12/58)	488.2	482.6	477.0	478.2	483.9 (2/9)	386.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	u	215.8	217.0	217.2	224.3 (17/7)	184.6 (4/1)

* Indicates pre-close figure ** Saturday September 7 Japan Nikkei Dow 12,479.06 TSE 1,017.58 Base values of all indices are 100 except Australia All Ordinary and Metals – 500 NYSE All Common – 50 Standard and Poors – 10† and Toronto Composite and Metals – 1000 Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds ‡ 400 Industrials § 400 Industrials plus 40 Utilities Financials and 20 Transports c Closed u Unavailable

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES		
Aberfoyle	38	+ 3
Body Shop	820	+50
Cadbury	142	+ 6
Central Norse	478	+10
Christies	272	+ 6
Distillers	405	+13
ICI	697	+ 8
Laird	188	+19
Lowe Howard	275	+20
Persimmon	116	+ 7
Regalian Prop	255	+15
Security Cent	143	+14
Stroud Riley	59	+ 7
Tomkins (FH)	236	+ 7
Trusthouse	147	+ 8
Turner & New	67	+ 6
Wadkin	106	+16
Westland	68	+10
FALLS		
Exch 10½% 2005	£101¼	– ⅝
Acorn Comp	73	–12
Allied-Lyons	280	–10
Greene King	232	–12
Low & Bonar	308	–12
Lucas Ind	370	–15
Pearson	330	–15
Petranol	150	–20
System Des	68	– 8
Woolworth	478	–12

* Partly-paid

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 39

Stock		Sales (Hnds)	High	Low	Last	Chng
PaulPt		88	11½	11½	11½	-¼
Paychx		390	18	17½	17½	-¼
PeakHC		49	13⅝	13⅜	13⅜	
PearlH		115	33	32⅞	33	+⅛
PegGld	.06	289	8¾	8⅝	8¾	
PenaEn	2.20	29	33⅞	33¾	33¾	
Pentars	.68	23	27	26¾	27	+¼
PeopEx	.05r	x333	14	13⅝	13¾	-⅛
Petrite	1.12	50	27	26¾	26¾	-¾
Phrmct		112	6¾	6½	6⅝	-⅛
PSFS	.10e	2051	10	9¾	10	
PhilGl	.50a	1609	15¼	15	15⅛	-⅛
PhnxAm		44	2½	2¼	2¼	-⅛
PicSav		168	25⅜	25¼	25⅜	
PicCafe	.80	208	22⅜	21⅝	22¼	+¼
PionHi	.92	297	33⅝	33⅛	33½	-¼
PoFolk		53	13½	13⅛	13⅛	-⅜
PlcyMg		754	22¾	22¼	22¾	+¼
Porex		180	24½	24⅜	24½	
Powell		105	2⅜	2¼	2¼	
Powrtcs		68	11¾	11¼	11½	+¼
PwConv		236	11⅜	11	11⅛	+⅛
PrecCst	.12	58	32	32	32	-¼
PrpdLo		111	7	6⅞	7	
Priam		26	4	3⅞	3⅞	-⅛
PricCms		40	10½	10¼	10½	+⅛
PriceCo		369	57½	56¼	56¼	-1
Prtronx		132	12⅜	12⅛	12⅛	-¼
ProgCs	.12	x35	38¾	38¾	38¾	
PropTr	1.20	89	12½	12	12	-¼
Provin		12	17½	17¼	17¼	-¼
Pulinm		159	7½	7⅜	7⅜	
PuriBn	.40	83	23⅝	23¼	23⅝	+⅛
QMSs		164	16½	16¼	16¼	-⅛
Quadrx		141	9⅛	9	9⅛	
QuakCs	.36	7	11	10½	10½	
Quantm		617	22¼	22	22	-⅛
QuestM		127	4⅞	4¾	4⅞	+⅛
Quixote		216	13¼	12¾	13¼	+½
Quotrn		2795	10⅛	9⅞	10	-⅛
R R						
RAX	.01e	71	6¾	6½	6½	-¼
RPMs	.56	85	16¾	16½	16¾	
RadSys		90	12½	12¼	12¼	-¼
RadtnT		111	11½	10¾	10¾	
Ragen		92	4⅜	4⅛	4¼	
Rainrs	1	350	51½	51⅛	51¼	+⅛
RayEn	.24	96	19⅛	18¾	18¾	-¼
RedCr		11	2½	2½	2½	-⅛
Readrg		85	21¾	21½	21½	
Recotn		101	10	9¾	9⅞	-⅛
RedknL	.64	131	28⅝	28¼	28½	-⅛
Reeves		459	11⅝	11¼	11⅝	+½
RgcyEl	.20	132	6¾	6½	6⅝	
Regiss	.12	1	14¾	14¾	14¾	
Reliab		1	5⅝	5⅝	5⅝	-¼
RpAuto	.16	90	10½	8¾	10½	+⅛
RpHlth		208	13⅜	13⅛	13⅛	
RestrSy		9	15¼	14¾	14¾	
Reuteri	.15e	33	9⅛	7⅞	9⅛	-⅛
ReutrH	.35e	61	26⅜	26¼	26⅜	-⅜
ReyRey	1.24	61	38½	38	38½	+¾
Rhodes	.24	78	14¼	14⅛	14¼	+⅛
Ribilms		238	7¼	7	7⅛	
RichEls		17	21¾	21¼	21¾	+¼
Rival	.80	34	15	14⅞	14⅞	-⅛
RoadSv	1	356	29	28½	28½	
RobNug	.05	161	11½	11⅜	11⅜	-½
RobVan		46	12	11⅝	11⅝	-⅛
Rouses	.54	35	22¾	22½	22¾	+⅛
RoyPlm		35	10⅝	10⅝	10⅝	
RoylRs		175	3½	3⅜	3½	
RustPel		22	18½	18⅛	18¼	+¼
RyanFs		12	17½	17	17	-½
S S						
SAYInd		5	15	12½	12½	-¾
SCI Sy		1422	15	14¾	14⅞	-⅛
SEI		37	19	18½	18½	-¼
SFE	.10r	34	7⅛	7	7	-⅜
SRI	.80	367	20¼	18¾	18¾	-⅛
Safecds	.20	217	21⅛	20⅞	21	-⅛
Safeco	1.60	160	39⅞	39⅝	39⅝	
SafHlth		39	16¾	16½	16½	-½
StJude		432	15½	14⅞	15	-½
StPaul	3	45	72⅜	72⅛	72⅛	-⅛
SalCpt		183	5⅝	5⅜	5 9-16	+3-16
SanBar		38	7	6⅞	6¾	+⅛
SatelSy	.12	1	6¼	6¼	6¼	
SavnF	1.76	x55	48⅛	47¾	47¾	-½
SBkPSs	.44	217	20⅛	20	20	-⅛
ScanOp		117	8⅛	7⅞	7⅞	-¼
ScanTr		3	16	16	16	
Scherer	.32	41	13⅛	12⅞	13	+⅛
SchlmA	.40	43	24½	24¼	24¼	
SciMic		125	4	3¾	3⅞	+⅛
SciSft		4	8¾	8¾	8¾	
Scitex		633	12¾	12¼	12¾	+½
SeaGal		185	5¼	4⅞	5¼	+⅛
Seagate		427	7	6⅞	7	
SecTag		118	2⅜	2¼	2¼	
SEEQ		62	2⅝	2½	2½	-⅛
Seibel	.80	160	19½	19	19½	
Semicn		27	8⅝	8½	8½	-⅛
Sensor	.05	630	9⅝	9¼	9¼	-⅛
SvcMer	.08	3574	15⅜	14½	15	+½
Svmste	.80	142	21	20¾	20¾	-¼
Servico	1	16	19½	18¾	18¾	-¼
SvcFrct		14	4½	4⅜	4⅜	+⅛
SevOak	.16	95	17⅛	16⅞	17⅛	+⅜
ShrMed	.48	486	31¼	30¾	31¼	+¼
Shwmts	1.68	632	38⅝	38	38⅝	+¼
Shelbys	.19	183	19	18½	18¾	-¼
Sheldls		266	11⅛	10⅞	11⅛	+⅜
Shoneys	.15	352	27	26⅝	26¾	-¼
ShonSos		94	11⅞	11¾	11⅞	
Silicon		452	6	5⅞	6	+⅛
SiliconS		10714	11⅜	11	11½	
SilicVal		3	19	15½	19	+½
Siliconx		89	20	19¾	19¾	
Siltec		88	5½	5¼	5¼	-⅜
Simpln	.80	4	15¾	15½	15¾	
Sippins		29	14	13½	14	+⅜
Sizzlers		28	16¾	16¾	16¾	
Skipper	.08	76	10¾	10½	10½	
SmithL		165	2¼	2⅛	2¼	
Society	1.84	265	46¾	46¼	46¾	+½
SoctySv		62	18¾	18½	18½	-⅛
Softech		202	9¼	9	9	
SoftwA		264	16⅜	15⅞	16	-⅜
SonocPs	.88	207	28¼	28	28	-¼
SonrFd	.45e	1	19¼	19¼	19¼	-¼
SoHosp		111	4⅝	4½	4½	-⅛
SthdFn	.52	166	24⅜	24¼	24¼	
Soutrst	.80	132		18½	18¾	+¼
Sovrgn	.16	78	6⅞	6⅝	6⅝	
Sovrans		65	28⅞	28½	28¾	
Speedy		31	17¼	17	17	
Spctran		161	23¼	22¾	23¼	-½
SpecCll	.06	190	6¾	6½	6½	-¼
StarSrs		338	6⅝	6⅛	6⅝	
StatBld	.20	29	7¾	7½	7⅝	
Standy	1	x63	28¾	28¼	28¼	-¾
StdMic		169	15½	15⅛	15¼	
Stanhow	1.20	169	22½	22¼	22⅜	
StaStBs		675	30⅝	30	30⅝	+⅜
StateG	.15b	97	4⅝	4⅝	4⅝	-¼
Steiger		132	5¼	5	5⅛	+⅛
StewStv		18	15¾	15¾	15¾	-⅛
Stifel		250	6¾	6⅝	6½	+⅛
Strabrs		338	17⅝	17¼	17½	+⅛
StrwCls	.76	18	34	33½	34	
Stryker		31	33½	33	33	-¼
Subaru	1.68	129	169½	168	169	+1
SubrB	1.82	21	66	65½	65½	-¼
Summa		152	2⅞	2⅝	2⅞	+⅛
SumtHl	.10	683	10⅝	10¼	10⅜	-⅛
SunMed		28	9½	9¼	9½	+¼
Suprtex		5	8¾	8¾	8¾	-¼
vjSykes		400	5-16	¼	¼	
SymbT		153	10	9½	9½	-⅜
Syntech		66	12¼	12⅛	12¼	-⅜
Syntrex		55	3¼	3⅛	3⅛	-⅛
SyAsoc		94	15¼	15	15	
Systin		15	5⅜	5¼	5⅜	
Sysintg		31	11¼	10¾	11¼	+½
SystGn		5	11⅜	11⅜	11⅜	
Systmt	.08	4	24½	24¼	24½	-¼
T T						
TBC		18	9¼	9¼	9¼	-¼
TCA Cb	.12	67	23¾	23	23½	+⅛
TacViva		18	5	4⅞	5	
Tandem		2570	15⅛	14¾	15¼	+⅜
Tandon		1104	4⅛	3⅞	4⅛	+⅛
TcCom		3	10¼	10¼	10¼	+¼
Telco		213	13½	13¼	13⅜	-⅛
TlcmA	1	743	33¾	33¼	33¾	-¼
TelPlus		222	9⅜	9⅛	9¼	-⅛
Telecrd	.32	37	21⅜	21¼	21¼	-¼
Telepict		175	26¼	26⅛	26¼	+⅛
Telvid		70	2¼	2⅛	2⅛	-⅛
Telabs		1	16¼	16¼	16¼	
Telxons		159	17	16½	16½	-⅛
TermDt		20	5	4¾	4¾	
TherPr		7	9½	9⅜	9⅜	-⅛
Thrmds		52	16⅛	16	16	
ThrdNt	1.26	23	51¾	51¼	51⅜	+⅛
Thortec		510	6½	6¼	6½	
ThouTr		38	9¾	9⅝	9¾	
TimeEn		169	8¾	8⅝	8⅝	-⅛
TimeFb		14	13⅜	13⅜	13⅜	-¼
Tiprary		112	½	7-16	½	
Tolus		818	13¾	13⅛	13¼	
TotlSys		23	26	24	25⅜	+½
TrakAu		61	12¾	12	12	-¾
TriadSy		40	8⅝	8½	8⅝	+⅛
TrusJo	.40	5	25¼	24¾	25¼	+⅛
U U						
UTL		387	20¾	20½	20½	-¼
Ultrsy	.06a	493	9¼	8¾	9¼	+⅛
Ungmn		1016	14¼	13⅞	14	-¼
Unifi		413	13	12⅝	12½	-½
UnPlnr	1.08t	8	29½	29½	29½	+½
UnTBcs	1.50	5	49⅞	49	49	
UACms	.06	313	23⅜	22⅞	23¼	
UBAlsk	.15r	73	10¼	10⅛	10¼	+⅛
UBCol	1.05	320	27⅛	26¾	27⅛	+⅛
UFnGrp		49	7¼	7	7⅛	
UFstFd		107	18	17⅝	17⅞	+⅛
UGrdn	1.64t	41	12¼	11¾	11¾	-½
UPresd		9	11⅛	11	11⅛	+⅛
US Ant		40	4⅞	4¾	4¾	
US Bcp	1	164	28¼	27¾	28	
US Cap		15	3⅛	2⅞	3⅛	
USDsgn		11	3½	3⅜	3⅜	-⅛
US HCs	.06	1153	24¾	24½	24¾	+¼
USShlt	.12	65	4⅝	4	4¼	+⅛
US Sur	.30a	315	19⅞	19½	19⅞	+¼
US Trs	1.20	3	36	36	36	
UStatn	.20	14	21¼	20¾	21¼	
UnTelev		64	23⅝	23⅜	23½	+⅛
UVaBs	1.64	70	43	42⅝	42¾	
UnvFrn		14	18½	18	18½	+½
UnvHlt		84	15½	15¼	15½	+¼
UFSBk		152	10¾	10½	10⅝	+¼
Uscal	.28	112	5	4⅞	5	+⅛
V V						
VLI		207	6⅛	5¾	6	-⅜
VLSI		461	12¾	12¼	12¾	+⅜
VMX		182	6	5¾	5⅞	
VSE	.15e	2	9¼	9¼	9¼	
ValidLg		616	8¼	7½	8¼	+⅞
ValFSL		247	21	20⅛	20⅝	-⅞
ValNtl	1.20	273	38½	38⅜	38½	
VanDus	.40	369	18⅝	17¾	18½	+½
Vanzeti		278	8¾	8⅝	8⅝	+¼
Ventrex		2321	5⅝	5¼	5⅝	+¼
Vicorp	.09e	1726	23¼	20⅞	20¼	-5
ViadeFr	.22e	25	10	9⅝	10	
Viking		2	12¼	12¼	12¼	-⅜
Viratek		4	14¾	14½	14½	-¼
Vodavi		31	8⅝	8½	8⅝	
Voltlnf		222	18¼	18¼	18¼	
W W						
WD 40	.86	234	20	19⅝	19⅞	+¼
WkrTel		255	11	10¾	10¾	+⅛
WetrE	1.76	105	21⅛	20¾	21	-⅛
WFSLs	.60	63	24¾	24½	24⅝	+⅛
WMSB		350	14¾	14⅝	14⅝	+⅜
Wavetk		13	8¾	8¾	8¾	
Webb	.40	57	12⅛	11⅞	12	
WestFn		8	16¾	16	16	
WstFSL		68	16⅝	16¼	16¼	-⅜
WMicTc		30	8¼	7¾	7¾	
WTTAs		12	13⅞	13¼	13⅞	
WmorC	.40	18	17½	17½	17½	
WstwCs		126	12¾	12½	12¾	+½
Wettra	.98	247	32⅝	31¾	32⅝	+⅝
Wicat		5	4 7-16	4⅜	4⅜	-⅛
Widcom		1717	8⅛	7	7⅜	-⅜
Willml	1.63	57	45	44½	44¾	+¼
WIIAL		286	13⅞	13⅝	13⅝	
WmsSn		2	18½	18½	18½	
WilsnF		272	5¾	5⅛	5⅜	-⅜
Windmr	.03j	244	4¼	4⅛	4¼	
WinnEn		68	8	7¾	7¾	
WiserO	.60	132	16¾	16⅜	16½	+⅛
Woodhd	.80	15	12¾	12½	12¾	
Worthg	.64	222	27¾	27⅜	27¾	+⅛
Writer	.15e	30	8	8	8	
Wyman	.80	21	24⅛	23¾	23¾	-⅛
X Y Z						
Xebec		358	2⅞	2¾	2¾	
Xicor		211	7¾	7⅝	7⅝	-⅛
Xidex		238	13	12⅞	12⅞	-⅛
YlowFs	.54	380	20⅝	20⅛	20⅛	-⅛
ZenLbs		2968	21¼	19⅞	20⅝	+⅜
Ziegler	.48a	108	15	12½	15	+½
ZionUt	1.36	9	37	37	37	+¼
Zital		70	3	2⅞	3	
Ziyad		3	8⅝	8¼	8¼	-⅛
Zondvn	.08j	134	13	12⅝	12¾	
Zymos		87	3	2 13-16	2 13-16	-3-16

NYSE COMPOSITE PRICES

Continued from Page 39

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
5½	2	WilmE?				70	3⅝	3½	3⅝	
8	6⅛	WilshrO	.10	1.6		13	6¼	6⅛	6¼	
38⅝	30	WinDix	1.74	5.6	13	26	34¾	34½	34½	-¼
20⅞	9⅝	Winnbg	.20	2.6	6	182	10½	10⅛	10¼	
9¾	5⅛	Winner			18	329	5½	5⅜	5½	
8¼	3⅝	WinterJ				89	7⅝	7⅛	7¼	
40½	28⅝	WiscEP	2.48	6.7	8	1166	37	36½	36⅞	+⅜
90	71	WisE pf	8.90	10.		z200	88	87½	87½	-⅜
79	61	WisE pf	7.75	10.		z2130	77¼	76½	76½	-1½
26	23⅛	WisG pf	2.55	10.		4	25½	25½	25½	+⅛
40⅝	27¾	WiscPL	2.76	7.6	8	22	36⅝	36¼	36½	+⅛
39¼	29¾	WiscPS	2.86	7.4	9	14	38⅝	38½	38½	-⅛
40½	30½	Witco	1.48	4.1	9	56	36¼	35⅞	35⅞	+⅛
15¼	9½	WolvrW	.24	1.6		140	13¼	13	13⅛	
49¾	33⅝	Wolwth	2	4.1	16	439	49⅛	48⅞	49⅛	-⅛
82¼	54⅛	Wrigly	1.80a	2.2	14	19	81	80¾	80¾	-½
4⅞	2⅞	Wurltzr				7	3⅛	3⅛	3⅛	
16⅛	10⅝	WyleLb	.32	2.8	27	71	11¾	11½	11⅝	+⅛
23⅜	15½	Wynns	.80	3.2	8	1	18¾	18¾	18¾	-⅛
X Y Z										
55½	35¼	Xerox	3	5.7	14	1993	53⅛	52¾	53	-⅛
56½	46½	Xerox pf	5.45	10.		5	54	54	54	
30¼	24⅝	ZaleCp	1.32	4.8	10	18	27¼	27	27¼	+¼
21½	7⅝	Zapata	.12	1.5	58	497	8	7⅝	7⅞	+⅛
57⅝	31⅛	Zayre s	.48	.8	15	286	53½	52¾	53	-½
27	17½	ZenithE			11	402	18	18¾	18¾	-¼
21⅞	15¾	Zero s	.32	1.7	16	35	19	18⅞	18⅞	
38	22¾	Zurnln	1.32	3.7	12	x130	35¾	35¼	35½	+⅛

Prices at 3pm, September 9

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24⅜	18	AAR	.56	2.3	18	40	24¼	24	24¼	
17⅞	9¾	AGS			12	47	15	14⅞	15	
16½	8⅝	AMCA				9	11⅜	11¼	11¼	
21½	13	AMF	.25j		66	265	13½	13⅜	13⅜	
50¾	25¼	AMR			7	2218	44⅝	43⅞	44	
23⅝	18⅝	AMR pf	2.18	9.5		18	23	22⅞	23	
25⅞	23	ANR pf	2.67	11		5	23⅝	23⅝	23⅝	
14¼	7⅝	APL				2	9½	9½	9½	
81⅛	34¾	ASA	2	5.5		307	36⅞	36¼	36⅜	−⅜
27	12½	AVX	.32	2.5	18	35	12⅞	12½	12¾	+⅛
26⅛	18⅛	AZP	2.72	11.	7	530	24⅝	24⅜	24½	+⅛
60	36¾	AbtLab	1.40	2.4	18	332	57½	56⅛	57⅜	+⅛
25⅞	20	AccoWd	.50	2.2	17	111	22⅜	22⅛	22¼	+⅛
24¾	12½	AcmeC	.40	2.8		18	14¼	14⅛	14⅛	+⅛
10½	7⅜	AcmeE	.32b	4.2	11	3	7¾	7⅝	7⅝	
19	15½	AdaEx	1.92e	11.		75	17⅞	17⅝	17⅝	−¼
20	13½	AdmMl	.32	1.9	7	45	17⅛	16⅞	17	+½
17⅞	6⅝	AdvSys	.53t	4.9	18	69	12⅝	12¼	12½	
40⅜	22⅛	AMD			18	2324	27⅜	26⅝	27⅛	+⅛
12⅛	6⅞	Advest	.19	1.3	20	47	9⅛	9	9	−⅛
15⅞	8½	Aerflex			12	75	13⅝	13⅜	13⅜	−⅛
45⅝	32⅜	AetnLf	2.64	5.9	15	944	44¾	43¾	44⅜	+¾
57½	52⅜	AetL pf	5.79e	12.		12	55⅞	55⅜	55⅜	+¼
37⅜	18½	Ahmns	1.20	3.8	6	1285	31⅞	31⅜	31⅜	−⅝
3⅝	2½	Aileen				17	3⅛	3	3	
57	42	AirPrd	1.20	2.3	19	355	53⅛	52½	52½	−⅛
24⅝	15¼	AirbFrt	.60	2.6	13	78	23¼	22⅝	23	
2⅛	1⅛	AlMoa	s.10e	5.0		35	2	2	2	
29¼	23⅝	AlaP	pf2.74e	9.8		1460	28	27⅝	27⅞	−⅛
33⅜	27¾	AlaP	plA3.92	13.		6	31	30¾	31	+¼
8⅛	6¼	AlaP	dpf.87	11.		36	7⅞	7¾	7¾	
82	63½	AlaP	pf 9	12.		x78	76	76	76	−½
106¼	96¾	AlaP	pf 11	11.		z50	102½	102⅛	102½	
18⅜	11¾	Alagsco	.04	7.4	18	4	14⅛	14	14⅛	+⅛
26⅝	11⅛	AlskAir	.16	.8	8	1472	21¼	21	21⅛	−⅛
25	12½	Albrto s	.38	1.6	19	31	25	24¼	24¼	−½
33¼	26⅜	Albtsns	.76	2.7	11	585	28⅛	27⅞	28⅛	+⅛
31¼	23¼	Alcan	1.20	4.4	38	341	27½	27⅜	27⅜	−⅛
38⅞	27⅛	AlcoStd	1.20	3.4	12	29	35	35	35	+⅛
32	21	AlexAlx	1	3.6		421	28¼	28	28	−¼
25½	20⅝	Alexdr			22	140	24¼	24	24	+⅛
89½	72¼	AllgCp	1.54t	2.0		4	77⅞	77¾	77⅞	+⅜
28¾	20¼	AlgInt	1.40	3.7		x712	21	20⅛	21	+½
20¾	15⅞	AlgIn	pf2.19	13.		x22	17⅞	17½	17½	−½
98	85	AlgI	pfC11.25	12.		x1	91⅞	91⅞	91⅞	
34⅜	26¾	AllgPw	2.70	8.7	9	2053	31¼	31	31⅛	
23½	15¾	AllenG	.60b	2.8	15	13	22¾	22⅝	22¾	−¼
48¼	32½	AldCp	1.80	4.2	8	1679	42½	42¼	42⅜	
66	57½	AldCp	pf6.74	10.		89	64⅞	63⅞	64⅝	+½
115¾	103½	AldCp	pf 12	11.		8	111	111	111	
105½	100¾	AldC	pf 11.57e	11.		435	101¼	101	101¼	+⅛
59⅛	45⅜	AlldStr	2.12	3.6	8	460	58⅞	58½	58½	
11	4	AllisCh				225	4	3⅞	3⅞	−⅛
34⅞	24	AllsC pf				2	28¾	28¾	28¾	
29¾	21⅞	ALLTL	1.84	6.8	8	20	27¾	27¾	27¾	−¼
39⅞	29¾	Alcoa	1.20	3.4	31	777	35⅝	34⅞	35¼	+⅜
20⅝	13⅜	Amax	.10j			484	15⅝	15⅛	15¼	
40	32	Amax pf	3	8.8		16	33½	33½	33½	−½
34	22¾	AmHes	1.10	3.9	23	1424	28¾	28⅛	28¼	−¼
140½	98⅛	AHes	pf3.20	2.6		1	123½	123½	123½	+1
2¾	1⅜	AmAgr				571	1⅝	1½	1⅝	−⅛
21½	16	ABakr			8	169	u22⅜	21	22¼	+1½
78	58¾	ABrand	3.90	6.5	8	306	60	59⅝	59⅞	−⅛
30½	25¾	ABrd	pf2.75	9.5		2	29	29	29	
115¾	56½	ABdcst	1.60	1.4	18	158	u115⅞	113⅝	115⅞	+¼
30⅛	18½	ABldM	.36	3.2	14	40	26½	26¼	26⅜	+⅛
28½	20½	ABusPr	.34	2.4	14	1	26⅛	26⅛	26⅛	−⅛
60⅜	45½	AmCan	2.90	4.9	11	1115	59¼	58⅞	58⅞	−⅝
52⅜	40¼	ACan	pl 3	5.8		525	51½	51⅜	51⅜	
114¼	103	ACan	pf13.75	12.		2	112⅝	112⅝	112⅝	+⅜
20⅞	17¼	ACapBd	2.20	11.		78	20⅛	19¾	20	+¼
30⅞	23⅛	ACapCv	2.51e	9.1		18	27½	27½	27½	+⅛
11	8⅛	ACentC			169	1	8¾	8¾	8¾	+⅛
57⅜	44⅛	ACyan	1.90	3.5	14	1431	54	53⅛	53¾	+⅜
27¼	16¾	ADT	.92	3.8	23	130	24	23¾	23⅞	+⅛
24⅞	17⅞	AElPw	2.26	11.	8	1338	21⅜	21⅜	21½	−¼
49⅜	31⅛	AmExp	1.28	3.0	15	9405	42½	41⅞	42¼	−⅛
25⅜	12½	AFaml	s.40	1.6	15	273	24⅜	23⅝	24⅛	+½
36¼	22⅜	AGnCp	1	3.0	8	1829	33⅝	33½	33⅝	
18	6⅝	AGnl wt				61	12½	12¼	12⅜	+⅛
56¾	51¾	AGnl	pfA5.87e	11.		17	55¼	55¼	55¼	
86½	64	AGnl	pfB5.50e	6.7		141	82⅜	81½	81⅞	+⅛
71⅜	45¼	AGn	pfD2.64	4.3		48	61¾	61	61½	+⅜
13⅜	7½	AHoist				61	11⅛	11	11⅛	
58⅞	48¾	AHome	2.90	5.0	18	622	58½	58	58⅜	+¼
47⅛	36¼	AHosp	1.12	2.4	15	934	47	46⅞	46⅞	−¼
97⅛	72	Amrtch	6.60	7.2	9	991	92½	91¾	91⅞	−⅛
88¼	62	AInGrp	.44	.5	22	577	87	86½	86⅞	+¼
25⅜	18½	AMI	.72	2.9	12	678	24⅝	24⅜	24½	+⅛
4⅛	2⅞	AmMot				648	3¼	3⅛	3⅛	−⅛
36	16⅛	APresd	.50	2.5	5	407	19⅞	19⅝	19⅝	−⅛
13⅞	5	ASLFla			11	74	7⅛	6¾	6⅞	+¼
18½	12¾	ASLFl	pf2.19	14.		20	15¾	15⅝	15¾	
16	11⅛	AShip	.28	2.0	16	51	14¼	13¾	13¾	−½
35⅜	26¾	AmStd	1.60	5.8	8	160	28⅜	28⅜	28⅜	−⅛
67½	35⅜	AmStor	.64	1.1	10	425	57	56⅛	57	+⅞
78	46⅛	AStr	pfA4.38	6.6		189	66	65½	66	+⅛
57½	51	AStr	pfB6.80	12.		18	55⅞	55¾	55¾	
24⅝	17¾	AT&T	1.20	5.5	18	7360	21⅝	21¼	21⅝	+⅜
41⅜	32¾	AT&T	pf3.64	9.2		8	39¾	39½	39⅝	−⅛
42	33¾	AT&T	pf3.74	9.2		23	41	40¾	40¾	
27¾	18⅝	AWatr s	1	3.7	9	71	27½	27	27¼	−¼
13¼	10	AWat	pf1.25	9.8		z200	12¾	12¾	12¾	+½
28½	17¼	AmHotl	2.40	13.	7	89	18¼	18	18⅛	−⅛
18	9½	ATrSc				3	13⅞	13⅞	13⅞	−⅛
89¼	67⅞	ATrUn	5.84	6.6		8	82⅞	82⅞	82⅞	−⅛
40⅛	28⅛	Ameron	1.60	4.3	8	8	37½	37¼	37¼	−⅜
50	24½	AmesD	.20	.5	21	2589	44⅝	44⅛	44⅛	−⅛
29½	22½	Ametek	.80	3.5	12	223	22⅞	22½	22¾	−⅛
28⅝	18⅛	Amfac				21	26⅝	26¼	26⅜	+⅜
66	58¼	Amoco	3.30b	5.2	9	948	64⅜	64	64	−½
37⅞	26⅝	AMP	.72	2.3	22	2139	31⅜	30⅞	31⅛	−⅛
23⅝	11½	Ampco	.36	3.0	18	36	12	12	12	−⅛
23⅜	12⅜	Amrep s			11	45	20⅜	20⅛	20⅛	−⅛
36	22¾	AmStn	1.40	4.2	8	52	33⅜	33⅛	33⅜	
45¼	39	Amsted	1.60	3.6	18	139	44	43⅞	44	
4¼	1⅞	Anacmp				132	3	2⅞	3	
24⅛	16¼	Anlog			22	818	22	21½	21⅝	
27⅝	19¼	Anchor	1.48	6.0		83	24⅝	24⅜	24⅝	+⅛
46¼	30	AnClay	1.32	3.2	31	79	41½	41	41⅛	+1⅛
13½	9¾	AndrGr	.20	1.5	16	18	13⅛	13	13⅛	+⅛
27¼	17	Angelic	.60	2.3	14	61	25⅞	25⅛	25⅞	+⅜
34⅝	21½	Anheus	.80	2.5	12	1309	32½	32⅛	32⅛	
71⅛	48¾	Anheu	pf3.60	5.4		72	66¾	66⅛	66¼	−½
19⅜	13½	Anixtr	.36	2.1	10	172	17¾	16⅝	17¼	+⅞
16¾	8	Anthem	.04	.3	21	x69	14¼	14	14¼	+⅝
15⅜	10⅞	Anthny	.44b	2.8	8	231	15⅝	14⅞	15⅝	+½
12¾	8⅞	Apache	.28	2.5	11	239	11⅜	11¼	11¼	
2	½	ApchP wt				277	1½	1⅜	1⅜	−⅛
18⅞	15⅛	ApchP	un2.10	11.		478	19	18⅞	18⅞	−⅛
34⅜	29	ApPw	pf4.18	13.		14	32½	32¼	32¼	−¼
31½	26¼	ApPw	pf3.80	13.		3	30	30	30	−⅛
38½	22	ApIDta	1.76t	7.6	22	228	23⅜	22¾	23⅛	+¼
15½	8	ApplMg			62	57	13¾	13¼	13⅜	
24¾	16¼	ArchDn	.14b	.7	12	1781	20½	20⅛	20¼	−⅛
30¾	25⅛	ArlP	pf 3.58	12.		14	29⅜	29½	29½	−⅛
24¾	14	ArkBst	.40	1.6	9	59	u24⅞	24⅛	24⅝	+⅜
24¼	16	Arkla	1.08	6.0	24	1071	18⅛	17¾	18⅛	+¼
15-16	¼	ArlnRt				557	9-16	7-16	½	−1-16
12	6¾	Armco				133	9¼	8⅝	9⅛	−⅛
22¾	15½	Armc	pf2.10	11.		16	20	19½	19½	−1
24⅛	14⅜	ArmsRb	.48	3.2	8	47	14⅞	14¾	14⅞	
38¾	26⅞	ArmWI	1.36	3.8	8	332	35	34⅛	34½	−⅛
38	29½	ArmW	pf3.75	11.		z6230	35⅝	35⅛	35⅛	−⅛
34⅛	21¼	AroCp	1.28	4.3	7	5	27⅝	27⅝	27⅝	
23	12⅜	ArowE	.20	1.4	17	5	13⅞	13⅞	13⅞	+⅛
30¼	18	Artra	.22	.9	144	32	25	24½	24½	−¼
27	15	Arvin s	.86	3.4	8	18	23⅞	23¾	23⅞	
27¾	17⅝	Asarco				145	21¾	21½	21⅝	
37	23¾	AshlOil	1.60	4.7		69	34	33½	34	+¼
44¼	34⅛	AshlO	pf3.96	9.3		5	42¾	42⅛	42¾	−⅛
34¾	24½	AsdDGs	1.40	4.2	11	310	33⅝	33⅜	33⅝	+¼
110½	79	AsdD	pf4.75	4.5		2	106½	106½	106½	+2¼
29¾	21¼	AtCyEl	2.58	9.3	10	108	27¾	27⅜	27¾	+¼
64¼	42	AtlRich	4	6.6		2221	60⅝	60¼	60½	+⅛
101	32½	AtlRc	pf3.75	3.7		z330	101	101	101	
153	100⅜	AtlRc	pf2.80	1.9		1	144⅛	144⅛	144⅛	+⅛
18	10⅛	AtlasCp				69	13	12⅝	13	+⅛
31	18¾	Augat	.48	2.1	24	99	23¼	23	23¼	+¼
54¾	34½	AutoDt	.68	1.3	21	411	51¾	51⅜	51⅜	+¼
5¼	4¼	Avalons			8	103	5⅛	5	5	−⅛
33⅝	25¼	Avery	.56	1.7	13	115	33¼	32¾	32¾	−¼
24⅛	10	Avlall n			13	173	24⅛	24	24⅛	+⅛
38¼	27	Avnet	.50	1.5	25	759	34⅝	33⅝	34⅛	+½
25⅜	17⅞	Avon	2	8.4	12	5205	24	23¾	23⅞	−⅛
26⅝	18⅛	Aydin			16	24	22¾	22¼	22¾	+⅜
		B B B								
15⅞	7⅞	BMC	.12j			12	8⅝	8½	8½	−¼
35½	22⅛	Bairnco	.36	2.4	18	29	25½	25¼	25¼	−¼
20¼	15	BkrIntl	.92	5.2	14	831	17¾	17¾	17¾	+⅛
24¾	15⅜	Baldor	.36	1.6	15	12	22⅜	22⅛	22⅛	
2½	⅝	vjBaldU				369	2	1⅞	1¾	−⅛
61½	35¾	BallCp	1.44	2.4	14	16	59⅛	58⅞	58⅞	−¼
30¾	17⅞	BallCp wt				1	29⅝	29⅝	29⅝	
18¾	11⅛	BallyMf	.20	1.2		842	17⅜	17⅛	17⅜	
11⅞	7⅜	BallyPk			13	66	11	10⅞	10⅞	

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NYSE COMPOSITE PRICES

Continued from Page 38

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
31½	17⅛	OccIP	pf2.12	11.		3	20⅛	20	20⅛	+⅛
57	48⅜	OccIP	pf8.25	11.		150	55	54½	55	+⅛
118	105¾	OccIP	pf15.50	15.		182	106	105¾	106	
119½	101⅞	Occi	pf14.62	14.		8	106⅛	106¼	106¼	
32⅝	20	ODECO	1	4.2	18	150	23⅝	23¼	23⅝	+⅛
34¼	24⅛	Ogden	1.80	6.0	17	x362	30⅛	29⅝	30	+⅝
16⅛	10¾	OhioEd	1.68	12.	6	1282	15¼	15	15⅛	−⅛
36	26½	OhEd	pf4.40	13.		y100	33⅛	33⅛	33⅛	−¼
37	27½	OhEd	pf4.44	13.		y370	34½	34	34	+⅛
37¼	27½	OhEd	pf4.50	13.		z200	35½	35½	35½	+1
62¾	44	OhEd	pf7.36	13.		z679	59¼	57	57	
28	20¼	OhEd	pf			762	26¼	26⅛	26⅛	+⅛
67¾	49	OhEd	pf8.20	12.		z1630	65⅝	65	65⅝	
29⅛	21¾	OhEd	pf8.50	13.		7	27⅞	27⅞	27⅞	−1⅛
31⅞	23⅛	OhEd	pr3.92	13.		11	30¼	30¼	30¼	+⅛
16¼	12⅞	OhEd	pf1.80	12.		25	15¾	15⅝	15⅝	−⅛
73¼	53	OhEd	pf9.12	13.		z100	72⅞	72⅞	72⅞	+1⅛
70	50½	OhEd	pf8.64	13.		z340	67⅞	65⅝	67⅞	+1⅞
92¼	77	OhE	pf10.76	12.		z300	88	86	88	+1⅛
17	11¼	OhMatr	.40	3.2	16	202	12¾	12½	12½	−¼
70	58	OhP	pf 8.04	12.		z250	67	67	67	
26⅜	20¼	OklaGE	2	8.2	11	990	24¼	23	24¼	+½
8¼	7⅛	OklaG	pf.80	9.4		z300	8½	8½	8½	−¼
36¾	28⅝	Olin	1.30	4.9	12	194	30¾	30⅜	30½	−⅛
17¼	5¾	Omnare				110	6⅝	6½	6½	
18¾	12	Oneida	.80	5.3	44	218	15⅛	14	15	+1⅛
33¾	26⅝	ONEOK	2.56	8.4	11	15	30⅝	30¼	30⅝	
29	21¾	OranRU	2.14	8.9	10	26	26¾	26⅝	26¾	+⅛
12⅝	7¾	Orange	.53t	5.3	18	221	10⅛	9⅞	10	−¼
26½	20	OrionC	.78	3.1		29	24½	24⅛	24¼	−⅝
12⅞	6⅞	OrionP			34	170	11⅜	11¼	11⅜	+⅛
9⅝	8½	Orion	pf .50	5.8		17	8¾	8⅝	8¾	−⅛
33⅜	24	Orion	pf2.75	8.9		42	30⅞	30½	30¾	+¼
31½	19⅝	OutbdM	.64	2.9	8	44	22½	22¼	22¼	
36¾	23½	OvrnTr	.72	2.1	13	81	34	33¾	33¾	−⅛
19	13	OvShip	.50	3.4	11	356	14⅝	14	14⅝	
37	28⅞	OwenC	1.40	4.1	6	407	34⅝	34¼	34½	
51⅛	38⅞	OwenIll	1.60	3.7	10	118	49½	49⅛	49¼	−⅛
32½	23	PSvEG	2.84	9.7	7	1303	29⅞	29¼	29⅜	−¼
39	30	PSEG	pf4.18	11.		z550	37	36⅝	37	+⅛
48	36¾	PSEG	pf5.05	11.		z20	44¼	44¼	44¼	−¾
20¾	10	PSEG	pf2.17	11.		3	19⅛	19⅛	19⅛	−⅛
23¼	17⅝	PSEG	pf2.43	11.		9	21⅞	21¾	21¾	−¼
71	56⅝	PSEG	pf7.70	11.		z259	68	68	68	+1
73½	57¼	PSEG	pf7.80	11.		z350	70⅝	70⅝	70⅝	−⅝
88	70	PSEG	pf9.62	12.		z40	83	83	83	−⅛
4⅛	2⅞	Publick				56	2½	2⅜	2⅜	
1-64	1-64	Publick rt				77	1-64	1-64	1-64	
15¼	9¼	Pueblo	.18	1.1	11	81	14	13⅝	14	+⅛
9⅝	8	PR Cem			8	5	8⅞	8⅝	8⅝	
17	10½	PugetP	1.76	12.	8	343	14⅞	14⅝	14⅝	
21¼	13½	PulteHm	.12	.9	17	a75	13¾	d13⅛	13½	−¼
31⅞	20⅜	Purolat	.64j	3.2		295	20⅝	d20	20	−½
19¼	8½	Pyro			7	196	8¾	8½	8½	−⅛
53	33	QuakO	s1.24	2.4	14	789	52	51½	51⅞	
108	90½	QuaO	pf9.56	9.1		z50	106	105	105	+1⅛
23¾	16⅞	QuakSO	.80	5.0	19	858	20⅞	20¾	20¾	
18½	5⅞	Quanex			20	99	7⅛	7⅛	7⅛	+¼
34¾	26½	Questar	1.60	5.5	10	86	29¼	29⅛	29⅛	−⅜
29⅛	14½	QkReil	.24a	1.1	14	174	22⅝	22⅛	22⅜	−⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

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AMEX COMPOSITE PRICES

Prices at 3pm, September 9

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 37

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Firm dollar and data bring caution

HIGHER August unemployment statistics and the renewed surge in the dollar yesterday left market analysts more cautious and Wall Street uncertain, *writes Terry Byland in New York.*

Bond prices stabilised after Friday's rout, which wiped out almost all of last month's gains.

At the close the Dow Jones industrial average was up 3.58 at 1,339.27.

Suggestions that the unexpected dip of 0.3 per cent in U.S. unemployment in August indicated a strong upswing in the economy and might presage a tightening in Federal Reserve credit policy were challenged from several directions.

Discussing Friday's unemployment announcement, Mr Preston Martin, vice-chairman of the Federal Reserve Board, said: "I don't think it's a very strong report at all."

Dr Henry Kaufman, chief economist at Salomon Bros, believed the Fed would want "confirmation" of the economy's strength before tightening policy.

However, many analysts are convinced that the economy is rebounding strongly. "A certain optimism is starting to surface on Wall Street," said Mr Frank Cortez of First Michigan, citing the buildup in money supply and the latest car and retail sales statistics.

For the stock market, the point of decision comes early next month when U.S. industry reports on profits for the third quarter of the year. Nervousness over corporate earnings is heightened by the prospect of higher interest rates and a strong dollar.

Demand for technology stocks drove the market forward at midsession. IMB, at $130¼, gained $1, while other strong spots included Burroughs, $1 up at $66¼, and Honeywell, $1½ higher at $64⅝.

Airlines edged higher after a slow start. United added 5/8 to $53⅝, and Pan Am added 5/8 to $7½.

The most active stock on the New York Stock Exchange was Richardson-Vicks, which bounded $5⅞ to $45⅞ as the board flatly rejected the bid approach from Unilever, the Anglo-Dutch conglomerate, and said it would buy in up to 5m of the shares "immediately" – which would give the board and the Richardson family effective control.

The share price remained well short of the $54 offer from Unilever, which has said it would proceed only with the Richardson board's support. Wall Street could not identify any potential rival bidder willing to pay such a large premium on market price for Richardson.

Stock in SCM eased 5/8 to $72¼ as Hanson Trust of the UK emerged as the victor in the bid struggle, and Merrill Lynch and the SCM management group backed down.

Turnover in the stock market remained moderate, but share losses held a slight majority over share gains in the first half of the session.

South African mining stocks, mostly traded in the form of American Depositary Receipts in the Nasdaq over-the-counter market, shaded lower in response to President Reagan's proposed economic sanctions.

ASA, the closed-end investment trust with investment in South African mines, dipped $1 to $36¼ in light trading.

The Detroit car stocks were unimpressed by the forecast of record industry sales in 1985 from the chairman of General Motors.

GM at $89⅝ gained 5/8 in quiet trading, while Ford at $44¾ was unchanged and Chrysler 5/8 better at $38⅝.

Gelco, the vehicle fleet manager, eases 5/8 to $19⅝ after announcing results.

Other corporate reporters included H. J. Heinz, unchanged at $54⅝. Coca-Cola edged up 5/8 to $70⅝ after the board, predicting a 10 per cent gain in net earnings this year, said it would buy in up to 5m shares.

Also active in the consumer sector was General Foods, bounding up $6⅝ to $87 on strong rumours of an impending bid by Phillip Morris, which fell $1½ to $80¼.

Also active on bid rumours, Cessna aircraft gained $1⅝ to $27 in brisk trading.

In the credit markets, short-term rates made little movement, behind a federal funds rate still safely below 6 per cent. With no further economic data on the horizon at present, bond prices were sluggish but edged higher at midsession.

TOKYO

Hesitation as concern surfaces

ANXIETY over the upsurge of U.S. interest rates and the yen's slide against the dollar pushed investors to the sidelines and share prices generally lower in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average shed 23.34 from last Saturday to 12,455.72 on a volume of 170m shares, the second weakest for this year and down from last Friday's 303m shares. Declines outnumbered advances 374 to 351, with 172 issues unchanged.

The U.S. unemployment rate for August, announced over the weekend, was lower than expected. Japanese investors had expected that the U.S. economic slowdown would lead eventually to lower interest rates in Japan. The yen's plunge against the dollar on the Tokyo Foreign Exchange Market also helped the downtrend in prices.

The bearish tone on the market gathered momentum following reports that Zyma, the fifth largest pharmaceuticals maker in Switzerland, last Saturday suspended sales of the Cartergen liver treatment manufactured by Kanebo. Kanebo stock soared last month on investor appraisal of its growth potential when it began marketing Catergen through Sankyo.

Kanebo shed Y68 to Y417 with the busiest trading volume of 10.21m shares, and Sankyo dropped Y60 to Y1,090.

Ajinomoto shed Y50 to Y1,180 after reports that a U.S. university's animal tests show that Aspartame, a sweetener manufactured by Ajinomoto, caused a brain problem in mice.

Other biotechnology-related issues also dropped, with Kyowa Hakko down Y30 to Y1,020, Kuraray Y30 to Y1,290, Kaken Pharmaceutical Y90 to Y2,970 and Daiichi Seiyaku Y80 to Y2,190.

Fiscal investment-related stocks lost ground on a wide front. Sato Kogyo weakened Y10 to Y438. Large-capital stocks such as electric power firms, and financial and real estate firms also eased.

However, some blue chips rebounded strongly. Fanuc climbed Y350 to Y8,050, TDK Y140 to Y4,070, Ikegami Tsushinki Y110 to Y1,660, Matsushita Electric Industrial Y30 to Y1,230 and NEC Y20 to Y920.

Minebea was traded busily on speculative interest, closing Y16 down at Y800.

Bonds opened lower due to an uncertain outlook for U.S. interest rates and growing concern over government regulations on capital outflows from Japan but staged a moderate rally later.

The yield on the benchmark 6.8 per cent government bond due in December 1994 dipped from last Saturday's 6.185 per cent to 6.175 per cent.

The government plans to curb large purchases of U.S. long-term bonds to stem the yen's sharp depreciation.

SINGAPORE

PROFIT-TAKING was responsible for a broad decline in Singapore, with interest leaning towards speculative issues. The Straits Times index lost 3.27 to 750.42 on substantially reduced turnover.

Among speculative stocks, Data Consolidated added 5 cents to S$1.74 on a turnover of 1.1m shares while Supreme Corporation fell 7cents to S$1.73 and Pahang Investment 1 cent to 52 cents on heavy volumes.

Hotel, property and commodity stocks lost ground, with Selangor Properties one of the larger losers, easing 14 cents to S$1.76.

CANADA

CANADIAN Pacific led Toronto lower during thin trading following the announcement of its plan to acquire the remaining 30 per cent stake in Canadian Pacific Enterprises.

The parent company traded C$½ lower to C$17¼ in active trading while the target company firmed C$2 to C$28⅝.

After a strong start golds eased to continue their decline.

Montreal stocks were mixed in thin volume.

EUROPE

High ground lost to profit-takers

A REACTION inspired by profit-takers knocked prices down from the high-levels reached last Friday, during generally active trading on European bourses yesterday.

Early selling in **Frankfurt** was countered by a late surge of foreign demand to leave prices mixed. The Commerzbank index fell 1.2 to 1,498.5 from Friday's record high of 1,499.7.

Selected blue chips rose as foreign buying increased, but motor issues again held the limelight, boosted by optimism ahead of this week's motor show in Frankfurt.

Porsche led the field, rising DM 17.50 to DM 1,367.5, BMW added DM 10 to DM 506 and VW, which has projected sharply higher earnings for 1985, gained DM 6.20 to DM 340.

The dollar's gains boosted engineerings, with Linde, up DM 14 to DM 563, continuing to be the favourite in the sector, KHD added DM 1.50 to DM 295.50 and GHH DM 1 to DM 193.50.

Banks were again overshadowed by worries over the South African political situation. Deutsche rose DM 2.80 to DM 579.80 and Bayerische Vereinsbank DM 1 to DM 389 while Dresdner lost DM 3 to DM 284 and Commerzbank DM 1 to DM 206.

Bonds recovered early losses of 70 basis points to close between 40 and 50 basis points easier. The Bundesbank bought a substantial DM 66.9m worth of paper after buying DM 9.1m on Friday.

After a week-long rally in **Brussels**, investors paused for breath, and prices ended mixed.

On Friday, Belgian stocks soared to all-time highs, pushing the stock index up more than 10 points. The rise in the index yesterday was more modest, however. The Brussels Stock Exchange index added 5.87 to 2,435.99.

Petrofina remained steady at BFr 6,080, appearing unaffected by the announcement that it has appointed a new chairman.

Demand was strong for industrials, and Bekaert gained BFr 70 to BFr 6,370 as investors continued to react favourably to the news on Friday that first-half profit for 1985 had risen.

Chemical stock Solvay continued its recent strong performance, gaining BFr 60 to BFr 5,180.

A lack of buyers in **Amsterdam** forced prices lower. Speculation that President Reagan may take action against the European Community over alleged unfair trade practices dampened sentiment as any U.S. protectionist measures could hurt European companies which have strong U.S. sales bases.

Banks and insurances led stocks lower. ABN was down Fl 1.50 at Fl 506 ex-rights, Amro 30 cents to Fl 87.30 and NMB Fl 2.70 to Fl 211. NMB had announced earlier that it planned a 1-for-10 stock issue and that its dividend would rise by 10 cents.

In internationals, Unilever shed 50 cents to Fl 339 after announcing a takeover bid for Richardson-Vicks of the U.S. Its $54 a share bid was rejected as inadequate.

Heineken was one of the few issues to rise, gaining Fl 4.50 to Fl 153.40 on expectations of higher second-half profits.

Bonds prices eased by about 40 to 60 basis points as the dollar rose and investors revised their opinions on the direction of interest rates.

The Zurich Stock Exchange was closed yesterday for a local holiday.

A modest decline in French short-term interest rates assisted prices to edge higher in **Paris**, but market enthusiasm was tempered by concern over upcoming capital increases and public offers, which may drain liquidity from the market.

Food issues were especially favoured by the dollar's advances, and BSN added FFr 50 to FFr 2,290, Pernod-Richard FFr 5 to FFr 728 and Moët-Hennessy FFr 20 to FFr 1,984.

Matra led technology issues with a FFr 82 rise to FFr 1,742 after news that it had won two U.S. orders for its automated subway system.

Profit-taking left **Stockholm** mixed, with engineerings recording some gains and retail stocks turning sharply lower.

Foreign interest in Ericsson, the telecommunications group, sent it SKr 11 higher to SKr 252, while car maker Volvo added SKr 3 to SKr 245 and Pharmacia SKr 5 to SKr 183.

Elsewhere in the blue chip sector, price changes were modest.

Milan also ended mixed as selective profit-taking depressed leading industrial stocks. **Madrid** closed slightly lower in quiet trading.

HONG KONG

A LATE round of subdued buying lifted prices off their low points for the day in Hong Kong, but most leading stocks closed well down.

The Hang Seng index surrendered a further 28.23 to 1,550.83 after sinking 33 in the first hour's business.

Among leading issues, Hang Seng Bank fell HK$1 to HK$43.25, China Light 30 cents to HK$15.20, Hongkong Electric 10 cents to HK$7.90 while Hongkong Bank closed steady at HK$7.35.

Swire Pacific dropped 70 cents to HK$24.40 on apparent concern over the company's Cathay Pacific subsidiary, following the unsuccessful Sino-British talks in Peking last week.

LONDON

GILTS CAME under heavy selling pressure in London in the wake of sterling's continued slide, although leading securities, particularly international stocks, made fresh headway.

Sellers of gilts remained in control throughout the day. Short-dated stocks returned losses ranging to 7/16 while falls in the longer maturities extended to ¾.

Most leading issues eased after a strong start, and the FT Ordinary share index edged 0.3 lower to 1020.5.

Speculative activity centred on Distillers which closed 13p higher at 405p, after peaking at 420p.

Chief price changes, Page 37; Details, Page 36; Share information service, Page 34–36

AUSTRALIA

A SHORTAGE of scrip combined with heightened demand for leading mining and industrial issues left shares firmer in Sydney as last week's stronger tone continued.

CSR led the advance, adding 15 cents to A$3.20, while BHP added 6 cents to A$7.16 and CSR 12 cents to A$5.62. Western Mining came under increased attention following its announcement of strong results but firmed only 1 cent to A$3.85.

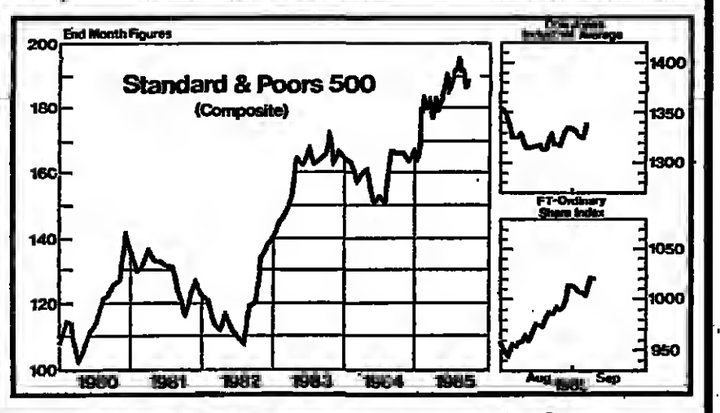
Elders, which is preparing a takeover offer for the UK Allied Lyons group, added a further 20 cents to A$3.35, and the Bell Group added 50 cents to A$9.0.

SOUTH AFRICA

GOLD shares closed marginally higher in Johannesburg in response to a firmer bullion price, although concern about U.S. sanctions depressed activity.

Mining financial stocks were weaker while industrials traded lower in thin business.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Sept 9	Previous	Year ago
DJ Industrials	1,337.70*	1,335.69	1,207.38
DJ Transport	678.60*	677.55	507.41
DJ Utilities	158.29*	159.16	129.10
S&P Composite	188.13*	188.24	164.37
LONDON	Sept 5	Previous	Year ago
FT Ord	1,020.5	1,020.8	847.4
FT-SE 100	1,329.3	1,332.2	1,099.3
FT-A All-share	643.75	644.89	516.22
FT-A 500	708.86	710.3	561.21
FT Gold mines	312.9	314.2	515.2
FT-A Long gilt	10.42	10.36	10.61
TOKYO			
Nikkei-Dow	12,455.72	12,453.35	10,500.7
Tokyo SE	1,003.30	1,001.72	807.35
AUSTRALIA			
All Ord.	954.8	943.4	725.0
Metals & Mins.	529.5	523.8	440.2
AUSTRIA			
Credit Aktien	99.53	99.31	53.48
BELGIUM			
Belgian SE	2,435.90	2,430.12	–
CANADA			
Toronto			
Metals & Minls	2,035.7*	2,040.88	1,948.0
Composite	2,782.6*	2,791.6	2,356.0
Montreal			
Portfolio	135.73*	135.76	115.6
DENMARK			
SE	n/a	215.83	179.27
FRANCE			
CAC Gen	223.2	222.0	175.3
Ind. Tendance	126.4	125.7	114.0
WEST GERMANY			
FAZ-Aktien	511.85	510.9	342.64
Commerzbank	1,498.5	1,499.7	994.9
HONG KONG			
Hang Seng	1,550.83	1,579.06	940.55
ITALY			
Banca Comm.	379.46	379.88	213.25
NETHERLANDS			
ANP-CBS Gen	221.5	221.7	166.0
ANP-CBS Ind	193.7	193.7	130.7
NORWAY			
Oslo SE	352.45	347.69	261.02
SINGAPORE			
Straits Times	750.42	753.69	912.49
SOUTH AFRICA	Sept 9	Prev	Yr Ago
JSE Golds	–	995.6	927.1
JSE Industrials	–	934.2	823.9
SPAIN			
Madrid SE	110.34	110.43	142.93
SWEDEN			
J & P	1,417.58	1,410.38	1,471.61
SWITZERLAND			
Swiss Bank Ind	486.2	482.6	377.5
WORLD	Sept 6	Prev	Year ago
Capital Int'l	215.8	217.0	181.1

GOLD (per ounce)

	Sept 9	Prev
London	$320.50	$320.25
Zürich	$319.85	$317.25
Paris (fixing)	$320.09	$318.82
Luxembourg	$320.65	$320.80
New York (Oct)	$320.80	$322.20

* *Latest available figure*

CURRENCIES

(London)	U.S. DOLLAR Sept 9	U.S. DOLLAR Previous	STERLING Sept 9	STERLING Previous
$	–	–	1.305	1.3256
DM	2.942	2.929	3.84	3.8825
Yen	243.5	243.5	317.75	323.5
FFr	6.9725	8.9375	11.7	11.82
SwFr	2.4225	2.4165	3.1625	3.2075
Guilder	n/a	3.2675	4.31	4.36
Lira	n/a	1,947.0	2,555.0	2,582.0
BFr	n/a	59.1	77.6	78.4
C$	n/a	1.37285	1.7897	1.8173

INTEREST RATES

Euro-currencies (3-month offered rate)	Sept 9	Prev
£	11 13/16	11 13/16
SwFr	4 1/16	4 1/16
DM	4 1/16	4⅝
FFr	10¼	10½
FT London Interbank fixing (offered rate)		
3-month U.S.$	8⅝	8¼
6-month U.S.$	8⅝	8⅝
U.S. Fed Funds	7 15/16*	7⅞
U.S. 3-month CDs	8.00*	7.95
U.S. 3-month T-bills	7.22*	7.235

U.S BONDS

Treasury		Sept 9* Price	Sept 9* Yield	Prev Price	Prev Yield
8⅞	1987	100 29/32	8.539	99 31/32	8.88
10⅞	1992	100 5/32	10.472	101 3/32	10.14
10½	1995	101 1/32	10.477	101 15/32	10.26
10⅜	2015	99 1/32	10.721	102 1/32	10.48
Corporate		**Sep 9* Price**	**Sep 9* Yield**	**Prev Price**	**Prev Yield**
AT & T					
10⅞	June 1990	99½	10.50	100⅞	10.15
3⅞	July 1990	81½	8.70	82⅞	8.30
9⅞	May 2000	82⅞	10.95	82⅞	10.95
Xerox					
10⅞	Mar 1993	98⅞	10.90	100⅞	10.50
Diamond Shamrock					
10⅞	May 1993	98⅞	10.85	100⅞	10.55
Federated Dept Stores					
10⅞	May 2013	92¼	11.50	99⅞	11.25
Abbot Lab					
11.80	Feb 2013	101⅞	11.80	102⅞	11.45
Alcoa					
12¼	Dec 2012	99⅞	12.35	101⅞	12.10

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	n/a	n/a	n/a	n/a
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	92.87	92.87	92.79	92.82
Certificates of Deposit (IMM) $1m points of 100%				
Sept	92.02	92.03	91.96	92.01
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	91.63	91.62	91.56	91.71
20-year Notional Gilt £50,000 32nds of 100%				
Sept	111–03	111–14	111–02	111–21

COMMODITIES

(London)	Sept 9	Prev
Silver (spot fixing)	464.55p	448.60p
Copper (cash)	£1,047.00	£1,037.50
Coffee (Sept)	£1,656.50	£1,753.50
Oil (spot Arabian Light)	$27.20	$27.25